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Senate

The Senate met at 10 a.m., and was called to order by the President pro tempore [Mr. THURMOND.]

PRAYER

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

Gracious God, often we speak of Your omnipotence and omniscience. Today, we contemplate Your loneliness. You created us to know and love You. With vulnerability, You gave us freedom to choose to respond to You and fill the void in Your heart shaped by each of us. We are profoundly moved that there is a place each of us can fill. All through human history You have been seeking, searching, questing for humankind's response of faith and trust in You. You have revealed Yourself and are yearning to have us in a right relationship with You. You have ordained that You would enter the affairs of humankind at our invitation and exercise Your care and guidance through us. You have all power, and yet, You have chosen to work through us. This has great meaning for us.

You have called the Senators to lead this Nation. You will seek entry into the momentous as well as the mundane details of this day through them.

And so, in this quiet moment we all are drawn back to You by the magnetism of Your love and yield all we will do today to Your sovereign guidance. It is awesome to realize how much we mean to You and how much You trust us to seek and do Your will. Here we are: ready, willing, and listening for Your direction, for You are our Lord and Saviour. Amen.

Ms. COLLINS addressed the Chair.

The PRESIDENT pro tempore. The able acting majority leader, the distinguished Senator from Maine, is recognized.

SCHEDULE

Ms. COLLINS. Mr. President, on behalf of the majority leader, today the Senate will resume consideration of the defense authorization bill. The majority leader has stated that it is his hope that Members will be present to offer their amendments during today's session. However, no rollcall votes will occur today. Senator LOTT announced last night that any rollcall votes ordered on or in relation to any amendments offered to the defense bill today will be set aside.

In addition, the majority leader has stated that the Senate will begin consideration of the budget reconciliation bill on Monday. Amendments are anticipated to the reconciliation bill. However, any rollcall votes ordered on Monday will be stacked to begin at 9:30 on Tuesday morning as well. Therefore, Senators should be aware that the next series of rollcall votes will begin at 9:30 a.m. on Tuesday.

The majority leader would also like to remind all Members that next week is the last legislative week before the Fourth of July recess. Senators should be prepared for a very busy week of session and rollcall votes beginning on Tuesday and occurring throughout the week as we complete the reconciliation process.

I thank my colleagues for their attention.

Mr. WELLSTONE addressed the Chair.

The PRESIDENT pro tempore. The Senator from Minnesota is recognized.

Mr. WELLSTONE. I thank the Chair.

Madam President, I ask unanimous consent that I be allowed and other Senators be allowed to speak for 10 minutes as if in morning business.

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

Mr. WELLSTONE. I thank the Chair.

THE RECONCILIATION BILL

Mr. WELLSTONE. Madam President, I was on the floor yesterday speaking about the reconciliation bill. I decided to not go forward with an amendment today. The amendment that I was considering offering, and the amendment I offered yesterday to the intelligence bill, speak to the issue of tax fairness. But the reconciliation bill will be on the floor next week, and the DOD reauthorization is not going to come up in any case until after the reconciliation bill. So I will wait until next week and then offer amendments directly to the reconciliation bill.

Madam President, let me just start out with a piece from the National Journal of June 21. The caption is ''Fighting Over Taxes.''

I quote:

> In the coming weeks Wall Street will be lobbying in support of all the new tax measures it likes, notably capital gains tax cuts, expansion of IRA's, and trying especially in the Senate to keep unwanted provisions out of the final bill. ''We have to make sure that they are not offered on the floor to pay for some other provisions,'' said Bruce E. Thompson, Jr., the head lobbyist of the Washington office of Merrill Lynch & Co.

Madam President, I think this is the real question about this tax bill that is before us. The question is, who really has say in this process.

Let me just go back to some charts—again, the Department of Treasury analysis.

Looking at the House bill, the tax cuts disproportionately help those who need help the least. If you look at the share of tax cuts by family income, the top fifth get almost 70 percent of the benefit of the tax cuts, the top fifth. Then the fourth fifth gets 19 percent of the cuts; the third fifth, 9.2 percent; the second fifth, 2.4 percent; the bottom fifth, less than 1 percent. In other words, the bottom 40 percent of the population get a total of about 3 percent of the benefits of these tax breaks; the third fifth, the middle class, gets about 9.2 percent. Then you get to the top fifth, the top 20 percent, they get almost 70 percent of the breaks. So you have about 80 percent of the benefits going to the top 40 percent, and almost

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

70 percent of the benefits going to the top fifth. This is just unbelievable.

Just look at the next chart. This shows the dollar amount that families get.

Again, the source here is the Department of the Treasury, Office of Tax Analysis: If you have an income of $400,000 a year, or over, you will get about $7,000 a year in benefits under these tax proposals. Congratulations. If you earn $200,000 and up, you are going to get about $3,706. But on the other hand, if you are down here in the $30,000 to $40,000 range, you get $152. If you are $15,000 to $30,000, you get about $52. A buck a week.

If you look at the tax cuts on the House side, and the way in which they are back loaded because of the capital gains cuts and the IRA's, you are talking about an erosion of revenue to the tune of about $950 billion by the time we get to the year 2017. It is not just the first 10 years that matters. It is what happens in the second 10 years that is tragic. This is not my analysis. It is the Joint Tax Committee and the Center on Budget & Policy Priorities.

By the way, Bob Greenstein, who is the director of that Center—people can agree or disagree with some of Bob's views on different issues—but his data analysis is impeccable. Bob received the MacArthur award, the genius award, for the work he does. And you add to his reputation Congress' own Joint Tax Committee.

On the one hand, Members of Congress say they are for deficit reduction, and then they go forward with this erosion of the revenue base via back-loaded tax cuts. That is bad enough. The second thing that is bad enough, or even worse, is what is going to be the tradeoff. We are going to have more and more people that are going to be 65 years of age and over, and more and more people that are 85 years of age and over. We will have the pressure of supporting them financially and covering their medical costs, and we will end up either running the deficits back up again, or we will be cutting into what little is left by the way of investment and education programs for our children and for our grandchildren.

But what makes this really unconscionable is basically we are talking about tax cuts that go to people on the top.

Let me quote a Washington Times headline from today: from Speaker GINGRICH—''Gingrich Derides Democrats' Tax Cut Proposal As Welfare.''

This is unbelievable. What the Speaker is worried about is that Democrats—I hope—are going to be on the floor of the Senate next week, and in the House, focusing on the welfare of working families.

Let's not have a play on words here. This is not a debate about welfare policy. This is a debate about the welfare of working families and their children. That is not rhetoric. That is what this is all about.

So, Madam President, I will suggest to you—and we will see what happens next week—that people in the country are going to be sorely disappointed and people in the country are just going to shake their heads in disbelief. And people in cafes in Minnesota and Maine, when they finally get a look at who is really going to get the benefits, are going to say, ''Wait a minute. We thought you were talking about tax cuts for our hard-pressed families.'' And they are going to find out that is not the case at all.

Apparently, we made some progress in the Finance Committee last night, at least for some of the people who are in the $20,000 to $25,000 range who weren't going to be getting any child care credit because they received earned income tax credit. These are working poor people. At least now they're not going to be a 100-percent offset, and some of these families are going to be able to get some child care credits.

But, Madam President, this still begs the question as to why in the world giving these families a benefit is even controversial. Don't we want to make sure that working families' children also get benefits? Don't we want to make sure that these tax cuts are not tilted and skewed toward the very top—the top fifth—of the population that gets the lion's share of all the benefits? Don't we want to target precious dollars toward middle-income people and toward working families?

That is not what this legislation is all about. That is not what these tax cuts are all about. That is not what is going to be reported out on the floor of the Senate.

Madam President, I just want to mention one other area that I know is near and dear to the Presiding Officer's heart. That is higher education. I want to be critical of Democrats and Republicans on this. I still say that we are making a mistake here by underreaching. If we are going to say that we are concerned about higher education not being affordable, and we are going to claim to focus on getting support for the people who need it most, how can we talk about tax credits that are not refundable? Nonrefundable HOPE tax credits mean that many of these families with incomes of $20,000 to $25,000 a year are not going to get anything because they don't have any tax liability. That is why the Pell grant is a far better way of getting help to the people who need it. The IRA's are great if you can afford to put the money in savings. We already have the tax incentives for working families to do that. They can't do any more.

The problem for many people is they still struggle very hard to earn a decent living and to raise their children successfully. To raise your children successfully means to try to be able to send your kids to college or to a university. But so many struggling families just don't have any money to put into savings.

So let's just not fool anybody here. We don't have, really, anything that I see in this tax cut, in this reconciliation bill, that as a matter of fact is going to make higher education affordable for those families that have had the most difficult time. We have had a flat 8 percent graduation rate for families with incomes under $20,000 a year since about 1979. That is scandalous. We ought to be making sure that those families are part of the American dream as well, and we ought to reach well into the $20,000 and $30,000 range of hard-pressed, middle-income working families. We are not doing that. The President's proposal does not do that and certainly the alternatives we have here do not represent a step forward. They represent a great leap backwards.

Madam President, let me just finish up with a kind of appeal —I will have amendments next week which will be very specific, and we will have up or down votes on them—but right now, I want to make just a broad appeal. I am grateful for whatever improvements have been made in the Finance Committee. I thank all my colleagues for their work. They have made some improvements. However, like my good friend Jim Hightower likes to say, you can put an earring on a hog, but you still can't hide the ugliness. A couple of earrings don't make a hog beautiful. You can put a couple of earrings on this tax cut, this reconciliation bill, but you can't make it beautiful; you cannot hide the ugliness.

Madam President, I ask unanimous consent I have 3 more minutes to speak.

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

Mr. WELLSTONE. When you have a tax cut bill, a reconciliation bill that gives the vast majority of the benefits to those people at the very top and gives middle-income and working families the shaft, you don't have justice. You don't have a bill that represents expanding opportunities. And, as I said, fix it up, do your best, but, again, you can put an earring on a hog, but that won't hide the ugliness. You are not going to be able to hide it from people in the country.

Next week we are going to have one heck of a debate. My appeal is that we work together here in this body. But my appeal also is to the President: I hope you will hold the line. During the last campaign the President talked about economic fairness. Boy, if there ever was a place to draw the line and have a debate, it is here. To Democrats, my colleagues, I hope you will come out here with an alternative. I hope we will be united behind it, and I hope we will stay strong. Because this piece of legislation is the exact opposite of what most folks mean by fairness. It is no wonder that most people in the country think there has been a hostile takeover of the government process. They know who has been in there lobbying, they know who is going to get the vast majority of the benefits, and they can see that it does not have a whole lot to do with them. That

is the disconnect in American politics today. This reconciliation bill, this tax cut, represents a huge disconnect to middle-income and working families. It is an outrage.

Let me just conclude by asking unanimous consent that a Wednesday, June 18, piece, ''Rising College Costs Imperil the Nation, Blunt Report Says,'' from the New York Times and a Washington Post piece, June 18, ''Colleges' Failure to Resolve Funding May Bar Millions from Attending, Study Finds,'' be printed in the RECORD.

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

[From the New York Times, June 18, 1997]

RISING COLLEGE COSTS IMPERIL THE NATION, BLUNT REPORT SAYS

(By Peter Applebome)

The nation's colleges and universities need to cut costs dramatically or face a shortfall of funds that will increasingly shut out the poor from higher education and from economic opportunity as well, according to a blunt and far-ranging assessment of American higher education that was made public yesterday.

The report, by a panel of public and private university officials and corporate executives, says that rising costs, falling public spending and a coming surge in demand are making the economics of American higher education increasingly unsupportable.

If current enrollment, spending and financing trends continue, the report said, higher education will fall $38 billion short of what it needs to serve the expected student population in 2015. To sustain current spending, it said, tuition would have to double by 2015, effectively shutting off higher education to half of those who would want to pursue it.

The report focuses on one of the great unspoken dilemmas in President Clinton's push to make at least two years of college as common as a high school diploma: higher education is expensive, students pay only a small share of their costs and, while bringing increasing numbers of low-income students into higher education will have long-term economic benefits, it will also have enormous short-term economic costs.

On the other hand, the report said, with education increasingly crucial to economic advancement, cutting off access to education—particularly to the poor and to immigrant groups who increasingly dominate the student population of states like California, Florida, New York and Texas—would have enormous consequences for the nation's social fabric.

The report, ''Breaking the Social Contract: The Fiscal Crisis in Higher Education,'' calls for a radical restructuring of universities, including an effort to overhaul university governance to limit the power of individual departments, redefining and often reducing the ambitions of different institutions and a sharing of resources between institutions.

The report also calls for more public financing, but it stresses that changes in the system should be prerequisites to any increases.

''The facts are irrefutable,'' said Thomas Kean, the former New Jersey Governor who is now president of Drew University and is a co-chairman of the panel that wrote the report. ''We are heading for a crisis at the very time we can least afford one.''

The panel, the Commission on National Investment in Higher Education, is made up of academic and business leaders convened by the Council for Aid to Education, an independent subsidiary of the Rand Corporation.

Experts say that higher education is already being reshaped by such forces as technology or competition from for-profit institutions, so that a straight-line extrapolation from current economic figures is difficult. And higher education is such a varied enterprise in the United States that a crisis for a public college in California does not necessarily mean a crisis for Harvard or Princeton.

Still, Roger Benjamin, president of the Council for Aid to Education, notes that even rich universities like Yale and Stanford have faced deficits and retrenchment in recent years.

And officials in state systems, which educate the majority of Americans, say the gap between resources and costs in higher education is becoming ever more daunting.

Charles Reed, chancellor of the State University System of Florida, said that over the next 10 years Florida would face a 50 percent increase in students at its public four-year institutions, to 300,000 from 210,000.

Barry Munitz, chancellor of the California State University System, said California was midway through a half-century of population growth and demographic change that would see the number of children in kindergarten through the 12th grade almost double, to about eight million, and go from about 75 percent white in 1970 to about 75 percent minority in 2020.

Population growth will only accelerate the financial problems facing higher education, the report said. It noted that the index measuring the increases in the price paid by colleges and universities for goods and services, like faculty salaries, rose more than sixfold from 1961 to 1995. The annual rate of growth in the cost of providing higher education exceeded the Consumer price Index by more than a percentage point from 1980 to 1995, the report said.

And, while costs have gone up, public support has not. Since 1976, public support per student has just kept up with inflation, while real costs per student have grown by about 40 percent, the report said.

To make up the difference, tuition has risen dramatically, with tuition and fees doubling from 1976 to 1994. But the report said that a similar doubling between now and 2015 would have a catastrophic effect on access, pricing as many as 6.7 million students out of higher education.

''If you were to announce that, given fiscal pressures, the door to social mobility that was good enough for the old generation is really no longer needed by the new one, you might as well stick a ticking bomb inside the social fabric of this country,'' Chancellor Munitz said.

While calling for more public support, the report said that a solution with colleges and universities themselves.

''Given the magnitude of the deficit facing American colleges and universities, it is surprising that these institutions have not taken more serious steps to increase productivity without sacrificing quality,'' the report said.

The report's recommendations for restructuring—from sharing a library with other institutions to eliminating weak programs—are not new, but there are enormous political and institutional barriers in the way of a major economic overhaul of higher education. Still, some experts say institutions have no option but to find ways to operate more efficiently.

''The ability to maximize revenue, given the competitive pressures for state dollars on the one hand and the resistance to future increases in tuition on the other, has about run its course,'' said Stanley Ikenberry, president of the American Council on Education, a leading advocacy group, which was not involved in the report. ''All of that's putting more and more pressure on the operating side of the budget.''

[From the Washington Post, June 18, 1997]

COLLEGES' FAILURE TO RESOLVE FUNDING MAY BAR MILLIONS FROM ATTENDING STUDY FINDS

(By Rene Sanchez)

A new report on the nation's universities warns that the pressures of growing enrollment, rising tuition, and declining funding have put campuses on a dangerous financial course and threaten to exclude many students from higher education.

The report, by the Rand Corp., draws a bleak portrait of the financial problems facing universities and suggests that many of them are ''floundering'' in their attempts to solve those problems.

Thomas Kean, a former governor of New Jersey who helped lead the study, said that if current campus trends in funding and enrollment continue into the next century ''millions of Americans will be denied the opportunity to go to college.''

The report concludes that neither public nor private support of colleges is keeping pace with campus costs or student enrollment. The report projects that by 2015, the number of full-time college students will swell to 13 million, about 3 million more than now.

That growth, spurred largely by the increasing necessity of a college degree in the nation's labor market, is occurring as college tuition costs are continuing to outpace inflation. Nationally, average college tuition per student, adjusted for inflation, has nearly doubled in the past 20 years, the report concludes.

If that pattern were to continue for another 20 years, the report asserts, more than 6 million students ''will be priced out of the system.''

Higher education officials said yesterday that the long-term analysis of colleges presented in the report appears to be sound.

''It defines the problems well, and speaks candidly about what states and institutions have to do to try to solve them,'' said Stanley Ikenberry, president of the American Council on Education, a Washington group that represents more than 1,300 colleges and universities.

Leaders of the study faulted both the federal government and, in particular, states for not making stronger financial commitments to higher education. But they also stressed that the management habits of colleges are a substantial part of the problem.

The report sharply criticizes the way many colleges manage their money, arguing that the financial decisions they make are often ''cumbersome and even dysfunctional in an environment of scarce resources.'' The report urges universities to define their missions more precisely, streamline services, and do more to measure faculty productivity. On many campuses, the report notes, the response thus far to growing financial crises has been ''partial and ad hoc.''

It also recommends that universities share more of each other's resources and try to save money in the years ahead by relying more on new computer technology and the Internet as tools for class instruction and scholarly research.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

The PRESIDENT pro tempore. The Senate will now resume consideration of S. 936, which the clerk will report.

The bill clerk read as follows:

A bill (S. 936) to authorize appropriations for fiscal year 1998 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.

The Senate resumed consideration of the bill.

Pending:

Cochran-Durbin amendment No. 420, to require a license to export computers with composite theoretical performance equal to or greater than 2,000 million theoretical operations per second.

AMENDMENT NO. 420

The PRESIDING OFFICER. The pending question is the Cochran amendment No. 420.

The Senator from South Carolina.

Mr. THURMOND. Madam President, I would like to remind the Members of the Senate if they have amendments to this bill, the Defense authorization bill, they come down and offer them. Now is the time. There is no use to put it off. We have set aside this morning to consider these amendments, and we hope they will not delay.

I yield to the able Senator from West Virginia.

Mr. BYRD. Madam President, I ask unanimous consent that I may speak out of order.

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

EGYPT AND THE MIDDLE EAST PEACE PROCESS

Mr. BYRD. Madam President, the Republic of Egypt has been an outstanding leader in the Arab world in bringing an historic reconciliation between the state of Israel and its neighbors, including the Palestinians. Egyptian leaders, including President Sadat as well as the present leader, President Mubarak, have dedicated substantial energy toward such a reconciliation. There has been constant, difficult opposition to this process in the region. President Sadat's tireless and courageous dedication to peace in the Middle East cost him his life. He paid the supreme sacrifice at the hands of an assassin. And he left a lasting legacy in fashioning the Camp David Accords together with Prime Minister Begin of Israel, through the good offices of President Jimmy Carter.

In the Middle East it has always taken three to tango. Advancing the process of making peace has required the dedication of the leaders of all three countries, Israel, Egypt and the United States. What is so dangerous about the current period is the apparent flagging of this dedication on the part of the government of Prime Minister Netanyahu, which has promoted the construction of new, and entirely unnecessary Jewish settlements in Arab portions of Jerusalem, a development sure to engender violence and the disruption of the peace process. Indeed, as I have said before on this floor, it was just when there appeared to be hopeful momentum toward resolving the outstanding issues between Israel and her neighbors that the right wing in Israeli politics initiated settlement construction activities and pulled the rug out from under this momentum. Unfortunately, attempts by President Clinton to revive this process were less than successful, in part, because of deep inconsistencies in the approach of the United States which appeared only half-heartedly—only halfheartedly—to protest the settlement construction activity on the part of the Netanyahu government. Unfortunately, the United States vetoed United Nations Security Council Resolutions protesting the settlement construction, which has, in effect, taken the United States out of the strong intermediary role that it needs to play for lasting progress to be made.

It was precisely at this point—with the Israeli right acting to put the brakes on the peace process, and only a perfunctory attempt, only a half-hearted attempt by the United States Administration to revive the peace process—that Egypt has stepped in again to use its influence to infuse new energy into the complicated dance steps of the Middle East peace process. President Mubarak arranged for meetings last month at Sharm el-Shiek between Palestinian and Israeli leaders and has shown himself to be in the Egyptian tradition in exercising courage and creativity to bring the parties together again. Indeed, President Mubarak has assigned a key aide to act as a troubleshooter and intermediary between the Israelis and Palestinians, and has sponsored an ongoing dialogue which has been praised by U.S. and Israeli officials alike. This Egyptian initiative, in fact, appears to be the only game in town at this time.

So I think it is very unfortunate that just at the time when Egypt is playing this central and responsible role, the Foreign Operations Subcommittee of the Appropriations Committee has chosen to take the extraordinarily unfair and puzzling step of removing the earmark of funds in the Foreign Operations Appropriations bill for Egypt, while at the same time preserving the earmark for Israel. As my colleagues are aware, those earmarks have been the practice ever since the Camp David Accords, the peace treaty between Israel and Egypt, were signed in 1979.

I was at the signing, and I had had the pleasure and the privilege of talking with President Sadat, the President of Egypt, in 1978, in Egypt. A courageous man, President Sadat, was leader in breaking the ice, and thus giving peace a chance, a chance in the Middle East.

So, the subcommittee action, now, sends precisely the wrong signal to the Egyptians, whose assassinated leader was the pioneer in this peace process, who gave his life that there might be peace in the Middle East.

Egypt should be commended for its diplomatic actions vis-a-vis the Palestinians and Israelis, not seemingly punished for her courage. Is Israel to be symbolically rewarded for the unnecessary and provocative action it has taken in building entirely unnecessary housing settlements in sensitive Arab lands? To add insult to this injury, the subcommittee has also taken the controversial step of approving $250 million for Jordan out of what is understood to be Egypt's account in the bill. While I certainly do not take issue with rewarding Jordan and King Hussein for signing the 1994 peace treaty with Israel and for helping on the matter of Israeli partial withdrawal from the West Bank city of Hebron earlier this year, it is far preferable and much more fair that the money for Jordan come equally from both Egypt's and Israeli's earmarks.

Madam President, I do not agree with the concept of earmarks of the very large magnitude that we have been making for both Israel and Egypt.

In my view, too much money goes to both nations—too much money. For years, this has been considered as something that was due them.

I think such a foreign entitlement program should eventually be phased out and eliminated. But if we are going to give such earmarks as a tool of American diplomacy and foreign policy, at the very least they must fairly reflect this Nation's goals.

These earmarks have been looked upon virtually as entitlements by both nations, Egypt and Israel. And while we in this Chamber struggle annually over the budget deficits in attempts to get them under control, while we cut discretionary spending for America, for the American people, while both the administration and the Republican regime on Capitol Hill continue to reduce discretionary spending, discretionary caps, and to ratchet down the spending for programs and projects beneficial to the American people, the taxpayers of this country, and help to build infrastructure in this country, all kinds of questions are asked and the game of one-upmanship is played as to who can cut the most.

I am an admirer and supporter of Israel. But are there any questions asked when it comes to funding programs in Israel? Are there any questions asked when it comes to this being looked upon as an entitlement figure for Israel and Egypt? No questions asked.

Are the American taxpayers fully aware that Congress and the Administration, every year, without any questions asked—no questions asked—provide $3 billion to Israel and $2 billion to Egypt, no questions asked, while we cut funding for water projects, sewage projects, highways, harbors, bridges, education, health, law enforcement, and Indian programs? We cut those programs. But no questions are asked when it comes to this entitlement of $3 billion annually for Israel and $2 billion annually for Egypt.

I am against those earmarks, but if we are going to have them, at least they must fairly reflect the Nation's goals.

What has been done as of yesterday on this matter by the subcommittee is flagrantly unfair and does a disservice to Egypt, to the United States, as well, and to our national interests in the basic process of making peace in the Middle East. I strongly oppose this action, and I hope that it can be corrected when the bill gets to the full Appropriations Committee next week, and if it isn't corrected there, then the attempt will be made at least to correct it on this floor. The action has not gone unnoticed.

The Ambassador from Egypt and I have discussed this matter. He came to my office a couple of days ago, and then we have been in discussions since on the telephone. I received a thoughtful letter from him which I may wish to share with my colleagues. The Ambassador is disappointed and perplexed by the subcommittee action, as am I, and as true friends should be, true friends of Israel and Egypt should be. I hope it can be corrected before even more damage is done.

Madam President, I ask unanimous consent that a letter to me, this date, from the Honorable Ahmed Maher El Sayed, the Egyptian Ambassador, be printed in the RECORD.

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

EMBASSY OF THE
ARAB REPUBLIC OF EGYPT,
June 20, 1997.

Hon. ROBERT BYRD,
U.S. Senate, Senate Hart Building,
Washington, DC.

DEAR SENATOR BYRD: It was, as usual, an intellectual delight to talk to you last Wednesday to share with you the lessons of wisdom from the Bible and ancient Greece, and their meaning in the present circumstances. I particularly appreciate your giving me so much time, in a very busy schedule, so that I may appreciate again your sense of objectivity and fairness, as well as your deep insight of things.

Unfortunately, action was taken by the Foreign Operations Subcommittee to strike the earmark for assistance to Egypt, while keeping it for Israel.

While I know your general position regarding the aid program to Egypt and Israel, I also know that your sense of fairness would not support treating Egypt in such a discriminatory manner.

I would also like to set the record straight concerning Egypt's position in response to certain allegations which were made:

1. The non-attendance by President Mubarak, of the summit held in Washington last September was based on his assessment that Prime Minister Netanyahu was not ready, at this meeting, to take steps conducive to the advancement of the cause of peace. President Clinton clearly understood the motives of President Mubarak, and King Hussein of Jordan was quoted, after the meeting, as saying that in, hindsight, President Mubarak was justified in not attending.

2. The role of Egypt in reaching an agreement on Hebron was crucial. It was an Egyptian proposal which constituted the basis of the agreement. The Jordanian officials have recognized publicly that their proposal which led to the agreement is built on an Egyptian suggestion of a compromise. The American Peace Team recognized the Egyptian vital contribution to the solution.

3. Egypt did not lead an effort to reimpose the boycott on Israel. What happened is that at a regular meeting of the Arab League at its seat in Cairo, a unanimous decision was taken to revise steps taken toward normalization with Israel if it persisted in policies clearly contradicting its obligations. The resolution did not include countries bound by Treaties with Israel, i.e. Egypt and Jordan.

4. Relations between Egypt and Israel are normal, which does require neither subscribing by one party to the policies of the other, nor mandatory trade and travel. There exists on our part no restriction on trade and travel to Isreal, and far from stagnating, the two fields have seen in the last years, significant progress. A warm relation is one that is built through the years given the right circumstances; what is required, and in existence, are normal relations. It is not an unusual state of affairs that relations between countries fluctuate with the acuity of political problems. Egypt and Israel are bound by 16 agreements and protocols which have been implemented or being normally implemented.

5. I would like to remind you that Egypt out of its deep commitment to peace in the region, has embarked on a major effort to create conditions to bring the Palestinians and the Israelis back to the negotiating table. President Mubarak is personally involved in this effort. He has met with Prime Minister Netanyahu in Sharm El Sheikh, and since then contacts have been maintained both with the Israelis and Palestinians.

6. Our ties with Libya are normal relations between neighbors in the context of the respect of UN Resolutions. Our influence has been a moderating one.

All these points have been clearly explained by President Mubarak to distinguished members of Congress he met on various occasions, and thereofre, I do not believe that there is any justification in raising from the dead arguments and misrepresentations that had been laid to rest by the reality as recognized by most Egypt has been and continues to be a pioneer of peace, an anchor of stability in the Middle East, and a fierce defendant of the rule of law and legitimacy for which we fought side by side. Without its contribution and its courageous stands, as well as its cooperation with the US, it would not be envisageable to move towards achieving our common goals of peace and prosperity, and overcome the hurdles which Egypt is working very hard to overcome.

Best and warm regards,
Sincerely,

AHMED MAHER EL SAYED.

Mr. BYRD. Madam President, I yield the floor.

Mr. GRAMS addressed the Chair.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

The Senate continued with the consideration of the bill.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

AMENDMENT NO. 420

Mr. GRAMS. Madam President, I inquire of the business now before the Senate.

The PRESIDING OFFICER. The pending question is on the Cochran amendment No. 420.

Mr. GRAMS. Madam President, I rise this morning to strongly oppose the amendment by my colleague and friend from Mississippi, Mr. COCHRAN, first for jurisdictional reasons, and most importantly because it is a seriously, I believe, flawed policy.

As chairman of the International Finance Subcommittee of the Senate Banking Committee, I object to the consideration of this matter, since it is within the jurisdiction of my subcommittee and the Committee on Banking. This is a very controversial issue and it should be heard and debated in the normal congressional process, by the proper committee of jurisdiction, not by a floor amendment with little opportunity for opponents to be heard. Many Members of this body may have already returned to their States and will not even have the opportunity to listen to the debate today.

The Senate has not had an opportunity to have a full debate on export controls in the last few years. Members need the benefit of time to fully analyze changes in an area that can have such a negative impact on U.S. companies and on U.S. jobs.

What really concerns me, Madam President, is that this amendment turns back the clock on technology. This amendment indicates it is directed at supercomputers, but computers at the 2,000–7,000 MTOPS level are not supercomputers, a point I will discuss later. The amendment reverses 2 years of effort to decontrol computers that are generally available. You will hear all sorts of talk today about how this amendment improves national security. But it does not. If the goal is to stop the sale of high performance computers to questionable end users in Russia, China, India, Pakistan, and Israel, it will stop the sale of United States computers to those end users—but it will not stop our allies from making those sales.

It is true that there are two companies currently under investigation for alleged sale without license to a questionable end user. Those investigations are still pending and should be pursued, so it seems premature to, in effect, have the Congress find them guilty. Let us let the process work. If they are guilty, they will be penalized. The U.S. companies selling computers abroad at this level are few; they are reputable and they do care about selling to questionable end users. The investigations have also had a positive effect in that they have encouraged companies to seek more validated licenses for uncertain end users. I disagree with my colleagues who believe businesses care only about the almighty dollar, and not national security.

This amendment will bring us back to the cold war days when export controls were required for computers sold in drug stores. A computer at 2,000 MTOPS, which is the level we would control, is a low-end work station which is widely available all over the world. We would establish unilateral controls on any computer over this capability. Our companies would have to

obtain a validated license. Their competitors in other nations would not have that requirement. Therefore, European and Japanese companies would have a competitive edge in many, many computer sales in countries where it is important to establish a foothold as a reliable supplier to facilitate future sales. Licenses would be required for every sale above this limit, not just those to questionable end users. We want to expand markets in those countries, while protecting our national security interests, rather than handing them on a silver platter to our trading partners who will then be seen as reliable suppliers in the future.

I know the argument will be that it is not hard to get an export license and that there are statutory deadlines on agency review of license applications. I can give you quite a list of companies—many of them smaller companies—which have come close to shutting down due to export license delays, even in recent years. We cannot return to this uncertainty and bureaucratic maze. Even the larger companies will see their expenses increase as they will have to hire more high-priced attorneys to facilitate many of the licenses through the process. Export licenses to these countries do not get approved in a couple of months. Many of them take many months and earn the U.S. the designation as an unreliable supplier. While we are pursuing regulatory reform in many areas, what we are doing here is reimposing regulations we eliminated 2 years ago.

What is curious to me is an independent study commissioned in 1995 for the Departments of Commerce and Defense which determined that computers could be decontrolled to the 7,000 MTOPS level without a negative impact on national security. The Departments of State, Defense, Commerce, the intelligence agencies, and ACDA all signed off on this report, and the decontrol was made at that time to 7,000 MTOPS. The determination was made because the 2,000–7,000 range, again, Madam President, was widely available throughout the world.

But you have also heard that we are stopping the sale of supercomputers to tier 3 countries without a license. Again. Madam President, a 7,000 MTOPS computer is not a supercomputer. Supercomputers still need export licenses. I am told that the MTOPS for a supercomputer is in the 20,000 range and can go up to one million MTOPS—a far cry from 7,000.

Let's look at the level the amendment seeks to control—2,000 MTOPS. This is a low-level work station computer. By 1998, personal computers will reach this level. Also, the alpha chip available next year will be 1,000 MTOPS itself. So just two of those in a computer would qualify the computer for an export license. It is very difficult for me to justify that companies will have to jump through so many hoops just to sell fairly low-level computers. We are truly turning back the clock on technology.

I have previously made the point that we are stabbing ourselves in the foot, since computer companies in other countries do not have these controls, and therefore our efforts are futile to say the least. There are four European companies which sell computers in the 2,000–7,000 range as well as Japanese companies. We all know that they will be eager to make these sales.

What is really ironic is that the Chinese themselves have now produced a computer at the 13,000 MTOPS level. They have surpassed the 7,000 current limit the sponsor of this amendment is trying to roll back.

One argument I have heard is that Japan also requires validated licenses for its sales. Yes, that is true, but Japan's validated license system has always been a rubber stamp operation. The entire process takes 24 hours, if that. Ours can take months. And I can show you some unhappy constituents who can verify that.

Another question I have is whether it is good policy to codify export controls at certain levels rather than leaving them to regulation. Do we really want to be in a position to have to change the law each time we need to decontrol? Is the Congress really able to act as quickly and as often as needed to adjust to rapidly changing technology? I think not.

Madam President, I plan to send a second degree amendment to the amendment by my colleague from Mississippi and in a moment will ask for its immediate consideration.

But I again want to mention that this amendment would request the GAO to perform a study of the national security risks that would be involved with sales of computers in the 2,000–7,000 MTOPS range to military or nuclear end users in tier 3 countries. It would also analyze the foreign availability issue to determine whether controls at 2,000 MTOPS and above would make any sense.

Further, the amendment would require the Department of Commerce to publish in the Federal Register a list of end users which would require the filing of a validated license application, except when there is an administration finding that such publication would jeopardize sources and methods.

Madam President, this is a sincere compromise in my position as subcommittee chairman of the committee of jurisdiction over this issue, which will help us decide whether there is a need to recontrol at the 2,000 level. It is far too controversial to decide this question today, or by next Tuesday when we will vote.

I believe Commerce should be asked to publish this list and to further seek ways to work with computer companies to determine whether other end users are questionable in order to alleviate some of the uncertainty that is out there.

Madam President, let us not turn back the clock on technology. Let us make a rational national security decision that also take into account the best interests of our exporters—and the jobs that they represent.

AMENDMENT NO. 422 TO AMENDMENT NO. 420

(Purpose: To require the Comptroller General of the United States to conduct a study on the availability and potential risks relating to the sale of certain computers)

Mr. GRAMS. So, Madam President, I send my second-degree amendment to the desk, and ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Minnesota [Mr. GRAMS] proposes an amendment numbered 422 to amendment No. 420.

Mr. GRAMS. Madam 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:

In lieu of the matter proposed to be inserted, insert the following:

SEC. . GAO STUDY ON CERTAIN COMPUTERS.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the national security risks relating to the sale of computers with composite theoretical performance of between 2,000 and 7,000 million theoretical operations per second to end-users in Tier 3 countries. The study shall also analyze any foreign availability of computers described in the preceding sentence and the impact of such sales on United States exporters.

(b) PUBLICATION OF END-USER LIST.—The Secretary of Commerce shall publish in the Federal Register a list of military and nuclear end-users of the computers described in subsection (a), except any end-user with respect to whom there is an administrative finding that such publication would jeopardize the user's sources and methods.

(c) END-USER ASSISTANCE TO EXPORTERS.—The Secretary of Commerce shall establish a procedure by which exporters may seek information on questionable end-users.

(d) DEFINITION OF TIER 3 COUNTRY.—For purposes of this section, the term ''Tier 3 country'' has the meaning given such term in section 740.7 of title 15, Code of Federal Regulations.

The PRESIDING OFFICER. Is there a sufficient second for the Senator's request for a rollcall vote?

There is a sufficient second.

The yeas and nays were ordered.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Senator from Mississippi is recognized.

Mr. COCHRAN. Mr. President, I have listened carefully to the comments of my good friend from Minnesota in support of his second-degree amendment. I must say that the language of the amendment is appealing in some respects, particularly the suggestion that the General Accounting Office ought to be asked to conduct a review of this situation and the apparent risk to our national security caused by the export policies of this administration with respect to the sale of supercomputers and its technology to foreign purchasers.

There is some question in my mind about the efficacy of the last part of

the amendment particularly, because in our hearings in the Governmental Affairs Committee the administration officials talked about the fact that the reason they did not publish and make available a list of end users or potential purchasers of these computers at this time was because of diplomatic considerations and the questions about whether it puts in jeopardy our intelligence-gathering capabilities and a number of other issues that concerned them enough so that they do not now make available this list even privately to exporters of supercomputers.

So to require them to publish it in the Federal Register and to make it available to the general public is probably something that ought to be reconsidered and not approved by the Senate. They should not be compelled to do that. It seems to me that the reasons they gave in our hearing for not doing it even privately was enough and sufficient in my mind to raise questions about whether we should compel them to do it publicly.

But looking back at the earlier complaints and the comments from my friend about the Cochran-Durbin amendment, let me say that this is not an effort on our part to roll back regulatory policy with respect to military end users. It is an effort to change the procedures and to put the onus and the responsibility for determining whether a sale is permissible or consistent with national security concerns on the administration rather than on the sellers of the computers.

Computer companies do not have the capacity to make determinations on their own about the use to which the computers they are selling in the international market will be put, or the relationships between prospective purchasers and governments, particularly in the case of China or Russia. The U.S. Government, though, has the capacity, through its contacts worldwide, to do a much more reliable and accurate job of assessing whether or not someone would be a purchaser who would use these computers to enhance the lethalness of nuclear weapons or missile technology to put our own citizens at risk, the lives of Americans at risk, in a way that they would not otherwise be, but for the sale of our computer technology.

So it is for that reason and that reason alone not to prevent the sale to legitimate purchasers who will use it for civilian or other appropriate purposes. It is in those situations where there is very real concern based on knowledge that we have about the potential harmful use—harmful to our own interests—that we ought to have the power, we ought to have the process reserved to the Federal Government to prohibit that sale in those selected situations.

Right now the policy of our Government is to prohibit the sale of this category of computers if it is for the purpose of being used for a military use or sold to a military organization. It is prohibited under current law, under current regulations. So the suggestion that the Senator makes that we are imposing new restraint on trade in this amendment is not true insofar as it concerns the sales for military purposes.

Current policy simply says to the exporters, if you know it is going to be used by a military organization, you cannot sell it—2,000 to 7,000 MTOPS speed computers cannot be sold under current U.S. law and under current regulations. So this amendment that we are offering does not impose a new definition that restrains the sale of computers. It simply says that the Commerce Department is going to give you the OK. Once you tell us who you will sell it to, they will tell you whether it is permissible or not. That is all we are saying.

The current policy is it is up to the exporter to decide whether this is a military end use or an end user. If they sell it to someone they knew was a military end user, they violate the law right now. The problem is a lot of exporters, the people in the business of manufacturing and marketing supercomputers, do not have the capacity to make this determination.

Also, there are motivations that are different. They are in the business of making money. They are in the business of selling as many as they can. The stockholders of these companies want to see sales go up, and so when there is a close question—we are not questioning anybody's motives here today—but where there is a close question and you really do not know for sure, the temptation is to go on and make the sale, particularly if there is really no hard evidence there.

Now, there have already been those cases where there is enough evidence that people have sold computers to end users who are military organizations or who are involved in nuclear weapons programs, that they are now under investigations by a Federal grand jury. This is serious business. That could have been prohibited, maybe, if you had the Commerce Department saying, ''OK, it is fine, go ahead and make this sale. Here is your license.'' Then the civilian marketer is off the hook. The Commerce Department makes the decision. That is the issue.

Do we leave it up to the honor system that has been developed by the Clinton administration, which is not working—46, we thought it was 46, but it turned out to be 47 as a result of the hearing we held of new information of these computers that are in the hands of Chinese entities and we do not know what they are being used for. Or if our Government knows, they cannot tell us in a public hearing session. We have to go behind closed doors to find out what they really know.

From what we can talk about right now, we know that this policy ought to be changed, and for the business of ''this is not the right place, this is not the right time,'' and the jurisdictional question—well, the Commerce Department has jurisdiction over commerce issues, the Banking Committee has some jurisdiction, our Governmental Affairs Committee has jurisdiction over compliance with nonproliferation treaty provisions. We are constantly monitoring the question of proliferation of weapons of mass destruction in our committee, and we came upon this information through the exercise of our oversight responsibilities.

It is a matter of some urgency, in our view, that this matter be addressed, and we think the U.S. Senate will agree with that. I think we have suggested a very modest but a very necessary first step in the process of reform of our policies over exporting computers. This administration came into office having made a promise to the computer industry that they were going to make some dramatic changes in the rules so that they could sell more computers in the international marketplace. That is fine. That is fine. But they have adopted a policy that is not working. It is not working to protect our national security interests, which is important. It is working in that it has helped sell a lot more computers and a lot of people have gotten rich under this new policy. I do not have a problem with that. No complaints are being made about that. But it was supposed to be a policy that both enhanced our ability to compete in the international computer market but at the same time protected our national security interests. It worked on the one hand, but it has failed on the other.

We now see the Atomic Energy Minister in Russia, whose name is Mikhailov, bragging in a public forum about the new supercomputer technology they have bought from the United States that is 10 times more powerful and sophisticated than anything they have had before. This agency is in the business of modernizing the nuclear weapons that the Russians have.

We have this Nunn-Lugar builddown program supposedly trying to dismantle these weapons of mass destruction, and we are very actively involved with the Russians in that regard. But at the same time, to be selling them the technology to make the weapons, they are more accurate, more lethal, capable of destroying potential adversaries like the United States, it seems we are working at cross-purposes with ourselves. We are trying to work to keep down the proliferation of weapons of mass destruction, and here we are, in this instance, contributing to the proliferation of more lethal nuclear weapon systems. Certainly that is true in the case of Russia and China. We know that. We know that.

So what do we do about it? Nothing? Have some hearings? Have the GAO spend another year looking at things? We agree GAO ought to look at this. We are asking them to do that, too. They have already begun some work at our request. I agree with the Senator

that we need to do more, but to just say the Senate should not act on this suggestion, this is a modest first step. It is not a suggestion for comprehensive reform at this time. We need more information. We need to do more work to decide on the details of a comprehensive, workable policy than is on the books now and administered by our Commerce Department.

So, but for the provisions of the amendment offered by the Senator that I have suggested caused me some concern, I would like to be able to support the amendment so that we could then go on and vote to approve the amendment as amended, but I cannot do that at this point. I hope the Senate will not agree to the amendment.

I know under the announcement that was made earlier today on behalf of the majority leader, there will be no votes on amendments today. They will be set aside and we will come to them later. So there will not be a vote today. Knowing that there will not be, I will not push the issue any further, except to suggest to the Senate that this is an issue that ought to be debated, considered carefully, and we ought to vote for this amendment that I have offered with the cosponsorship of Senator DURBIN.

Incidentally, I asked the other day, after we had described the amendment, that Senator ABRAHAM be added as a cosponsor. I have now been asked to seek unanimous consent that Senator LUGAR be added as a cosponsor. I make that request at this time, Mr. President.

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

PRIVILEGE OF THE FLOOR

Mr. THURMOND. Mr. President, I ask unanimous consent that Janice Nielsen, a legislative fellow with Senator CRAIG's office, be granted floor privileges during debate on S. 936, the Defense Authorization Act.

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

Mr. GRAMS. Mr. President, I want to say I appreciate the remarks of my colleague from Mississippi, Senator COCHRAN. We hope to be able to work with him over the weekend and hope to come to an agreement and compromise with him by next week. Like he said, hopefully we can vote on this at that time.

I yield the floor.

Mr. THURMOND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call.

Mr. GRAMM. Mr. President, I ask unanimous consent that we may move from this quorum call into morning business for 20 minutes.

The PRESIDING OFFICER. Is there objection to calling off the quorum?

Mr. LEVIN. I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will continue to call the roll.

The bill clerk continued the call of the roll.

Mr. GRAMM. Mr. President, making two separate requests, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. FRIST). Without objection, it is so ordered.

Mr. GRAMM. Mr. President, I ask unanimous consent that I can proceed for 20 minutes as in morning business.

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

Mr. INHOFE. Will the Senator yield for a unanimous-consent request?

Mr. LEVIN. Reserving the right to object, would the Senator add to that, that following morning business that we go back into an automatic quorum call?

Mr. GRAMM. Mr. President, I ask unanimous consent that following my speech, if it ever begins, that we go back into the quorum call, and I also ask unanimous consent that, without losing the floor, I might yield to Senator INHOFE so that he might get a staff member on the floor.

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

PRIVILEGE OF THE FLOOR—S. 936

Mr. INHOFE. Mr. President, I ask unanimous consent that Jeff Severs be given floor privileges for the DOD bill.

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

Mr. GRAMM. Mr. President, with all this folderol, I hope they are not conspiring against me or against Texas. If so, maybe we are in trouble.

SAVING MEDICARE

Mr. GRAMM. Mr. President, I come to the floor today to talk about a very difficult subject that for the next couple years is going to be very unpopular. In the long history of the country it is one of the most important subjects that we have ever debated—and that is trying to save Medicare.

I want to talk about what we did in the Finance Committee. We reported a bill that will be on the floor by the middle of next week. I want to explain to people exactly what we did and exactly why we did it. I want to talk about why it is important to the future of the country and why it is critically important to 38 million people who depend on Medicare. It is something that we have to do, and it was a courageous action taken by the committee. However, it will be a great blot on the courage and leadership of this Congress if we let this effort, started in the Finance Committee this week, die on the floor of the U.S. Senate or in the Congress.

First of all, Mr. President, let me remind people that we have a terrible problem in Medicare. Medicare will be insolvent in 3 years. There are a lot things I may do in my political career that I do not want to do, but there is one thing I am never going to do. I am never going to call up my 83-year-old mother and say, ''Well, mama, Medicare went broke today. It went broke today because nobody had the courage to do something about it. I knew it was going broke, but I didn't want to tell anybody because I thought somebody might criticize me for trying to do something about it. So I just stood by thinking, 'Well, when it goes broke in 3 years, maybe something magical will happen, and maybe nobody will blame me.''' I am never going to make that telephone call.

I am proud to say that we took two steps in the Finance Committee this week that will go a long way. If we continue to show the courage that we showed in committee on the floor of the Senate, then I will never have to call my mother and tell her Medicare went broke, and she will never be without the benefits that she has become accustomed to and that she needs.

And let me outline the two things we did.

First of all, as my colleagues will remember, we had a crisis in Social Security in 1983. We set up a commission which was almost unable to agree on what to do about putting Social Security back in the black. We were on the verge halting Social Security checks. However, one of the reforms which arose from the process resulted from a recognition that Americans are healthier, and are living longer.

So as part of that Social Security solvency package, those of us who were in Congress at the time swallowed hard and voted to raise the retirement age from 65 to 67 over a 24-year period.

I remind my colleagues that when Social Security started, the average American lifespan was less than the eligibility age for Social Security. So the Social Security system protected people who lived longer than the average.

Obviously, thank goodness, the average lifespan of Americans has grown dramatically since 1935. So we now have in law where beginning in the year 2003 through the year 2027, we are going to very gradually raise the retirement age from 65 to 67. That was part of a program to keep Social Security solvent.

It was heavy lifting at the time. Medicare was still in the black, and nobody wanted to make the lifting any heavier.

Now we are reaching a point where this phase-in for Social Security is going to start in the year 2003. So the Finance Committee, in what I believe was a courageous vote, voted to begin phasing up the eligibility age for Medicare in the same way as Social Security. That is the first significant change we made. I think there is something historic about that change which goes beyond it being the most dramatic change we have ever made in Medicare's history to keep the program solvent.

The second dramatic thing about this reform is that we did not do it to save

money. We did not do it to fund tax cuts. We did not do it to balance the budget. We do not even count the savings that come from it in our budget. Every penny we save goes into the hospital insurance trust fund to protect benefits.

Let me say to our colleagues who might be listening to this speech, with Medicare within 3 years of going broke, with Medicare within 7 years of having a $100 billion deficit per year, with a projected deficit in Medicare over the next 10 years of $1.6 trillion—counting both part A spending and part B spending—it is an absolute certainty that we will ultimately conform the eligibility age for Medicare with the retirement age under Social Security. That is a certainty. That is going to happen.

But if we wait 2 or 3 more years before doing so, we are not going to have time for people to plan for the future. One of the cruelest things we could do is to wait and delay and let a crisis occur so that we find ourselves forced to change the eligibility age for those who had planned to retire in a year or 2 or 3.

If we make this change now, people will have several years to adjust to an increase in the retirement age. The changes that will occur will occur very slowly over the next 24 years.

The impact of this provision on the solvency of the Medicare hospital insurance trust fund is dramatic. It will reduce the projected deficit in the Medicare trust fund by about 10 percent in and of itself, by the year 2025.

The second change that we made is an equally dramatic change and recognizes that there are two parts to Medicare. We all pay 2.9 percent of our wages in payroll taxes during our working lives in order to qualify for coverage under the Medicare Hospital Insurance Program.

There is a voluntary part of Medicare that nobody pays for in payroll taxes, but that is funded by a payment that people make in a part B premium.

Mr. President, there are two types of Medicare benefits. One type is the trust fund that we pay for during our working lives. We pay 2.9 percent of wages into that trust fund. That pays primarily for hospital care. Coverage for physician services is a separate system for which you do not start paying until you retire. When it was set up in 1965, the idea was for retirees to pay 50 percent of program costs in premiums, while taxpayers would pay the other 50 percent. Over the years that retiree payment has fallen to 25 percent of Medicare.

Currently, there is a deductible of $100 which people have to pay before Medicare part B, the voluntary part of Medicare, kicks in. Under the second reform adopted by the Finance Committee, as income rises from $50,000 to $100,000 for an individual—or from 75,000 to $125,000 as a couple—very high-income retirees—that deductible would phase up from $100 to an amount equal to the full taxpayer subsidy of this voluntary health insurance program. That would make the deductible about $1,700 a year for very high-income retirees.

Now, those are the two changes we have made. As was true with the retirement age phasein, none of the savings that come from having a higher deductible for very high-income retirees goes to the deficit. None of it goes to fund tax cuts. None of it is even counted in the budget. Every penny of the savings goes to protect the trust fund.

Now, why do we need to do this? I read in the newspaper this morning where one of our colleagues said it is hogwash to say we have to make these kind of changes to save Medicare. Well, let me explain why we are going to have to make some dramatic changes and we are going to have to make them quickly if we are going to save Medicare. The two changes that we made in the Finance Committee will not save Medicare by themselves. They are major steps forward. They are the only real reforms we have made since 1965.

I am sure when we debate this next week people will say, but we have savings in the budget. Well, we assume we are cutting payments to hospitals and providers. We have done that about a dozen times. It has never saved any money because they find a way to get around it. Then our biggest savings is that we take the fastest growing part of Medicare, home health care, out of the trust fund and put it in general revenue. Then we say, well, we have helped save the trust fund. So the only two real permanent reforms that have a long-term impact are the two reforms which we are not counting as part of the budget. We do have another major long-term change in Medicare by giving our seniors more choices.

Let me, very briefly, go through the problems in Medicare. First, Medicare expenses are exploding. They are growing at over twice the cost of medicine in the private sector. We have a program that by and large was designed in 1965 based on an old Blue Cross-Blue Shield policy that is no longer available. Medicare is a system that has tremendous inefficiencies and has grown faster than any other major program in the Federal budget. We started off paying for Medicare with a 0.7-percent payroll tax on the first $6,600 of income earned. We are now paying 2.9 percent of every $1 they earn, and still Medicare will be broke in 3 years. So our first problem is exploding costs.

The second problem is a time bomb we know as the baby boomer generation. I want to ask people to look at this chart because this explains what is going to happen and why there is nothing conjectural about it. It is not somebody merely claiming that the sky is going to fall; the sky is already falling.

Currently, in 1997, we are at the point where all the babies born in 1932 are retiring. 1932 was not a banner year for having children in America. We were in the middle of a depression. The birth rate was very low—one of the lowest birth rates in American history. So for the next few years, as depression era babies retire, we are going to have relatively few people who are retiring. These should be great years in terms of solvency for Medicare. However, these are the years where Medicare is going broke.

But notice what happens, beginning during the war and then immediately after the war we had an explosion in the birth rate in America. Fourteen million men came home from the war. They had defeated Nazism. America was the dominant power on Earth. People had new confidence in the future, and they made the greatest investment you can have in the future—they had babies, millions of them. Most Members of Congress were either in the sort of pre-baby-boomer generation during the war or they were in the generation right after the war. There was a huge explosion in the birth rate.

When we created Medicare in 1965, we were looking at this huge avalanche of young people coming into the labor market. In 1965 we had about four times as many people turn 19 as we had had 2 years before. It looked as if this tidal wave of people would never end. Actually, had Congress gone down to the Census Bureau in 1965 and asked if this baby boom would ever end, they would have discovered that it already had. But when we wrote Medicare with this huge number of people coming to the labor market, they made a decision not to fund it. They opted for a pay-as-you-go system where young workers would pay into the system without building up trust funds to pay for the benefits. This baby boomer generation turned out to be a godsend for programs like Medicare.

But now we come to the problem. This chart shows the projected increases in the population 65 and over. If you look at this chart, we are down here now where only 200,000 people are going to turn 65 this year, but within 14 years 1.6 million people will turn 65 and that number will not change for 20 years. We are going to go from 5.9 workers per retiree on the day Medicare started—we are down now to 3.9 and we are headed to 2.2—2.2 workers for every retiree in America.

The financial impact of that is absolutely cataclysmic. If we do not act, the young people who are sitting down here as pages are going to have to pay a payroll tax three times the current level. We are going to have an average tax rate in America—average tax rate in America—of about 50 cents out of every dollar. America is not going to be America when you have that kind of tax burden.

Now, this is a problem we must address. We know it is coming. We can fix it. We can preserve benefits. We can make the system better. But we are going to have to be courageous in order to do it, and we are going to have to make some tough decisions.

Here is what the financial status of Medicare looks like. As you can see, we are in the last years of its solvency. We

are looking at an explosion in the cumulative deficit of Medicare because we guaranteed two generations of Americans medical coverage during retirement, and nobody ever set aside any money to pay for it. Now the baby boomer generation is headed into retirement, they want these benefits, and there is no money to pay for them. That is the crisis.

Let me give an idea of how big this is. If we reform Medicare right now, and change the system by improving efficiency, thereby bringing the cost of Medicare down to the general inflation rates, even under the best of circumstances, to pay off this debt to baby boomers, we would have to borrow $2.6 trillion. If we wait 10 years, it goes up to $3.9 trillion. If we wait 20 years, it goes up to $6.1 trillion. Now, the whole debt of the country today is less than $6.1 trillion. So this is a crisis. This is a crisis that is happening right now.

We have made two changes in the Finance Committee which produce savings that are dedicated, every penny, to strengthening the hospital insurance trust fund. One is raising the eligibility age for Medicare as we have done for the retirement age under Social Security. I can guarantee you that is going to have to happen sooner or later. Within 10 years we are going to vote to do it. If we wait 10 years, we will have Americans who literally are on the verge of retiring who are going to find out they cannot retire. That is not fair, and it is not right. If we do it today, we will catch the political heat today but people will have 30 years to adjust to working 2 years longer. So it will be unpopular in the short run, we will be criticized for it in the short run, but within 10 years when people fully understand this, they are going to be very grateful that we did it, and it will be the right thing to do.

Second, asking very high-income people in a voluntary program to pay more of the cost of providing that benefit is not unreasonable. Nobody is required to participate in part B Medicare. No one pays a penny in the part B Medicare during their working life. It is a voluntary program. I have been stunned when listening to the criticism of this that somehow there is something wrong with asking people who have income of $100,000 a year in retirement to pay a $1,700 deductible for the best medical care policy that money can buy. I do not think that is unreasonable.

Let me tell you something. We are going to have to do it. But do we have to wait until our seniors are scared to death because they are not sure Medicare is going to be in place next month? Do we have to wait until the wolf is at the door, until the house is on fire, to make a tough decision? Can't we make the decision while there is time to adjust to it so that we can prevent the system from going broke? Does it have to go broke for us to have the courage to do something that we know has to be done?

So, we are going to be debating these things next week, and we will have Members of the Senate standing up and saying we are breaching an agreement by asking people with $100,000 a year income to pay $1,700 for a voluntary health insurance program.

We are going to have a lot of people say the world is going to come to an end because we are asking people to pay more if they can to save a system that is critical. I am ready to debate it. I don't know if we can save these reforms. But we are going to be awfully embarrassed some day if we don't.

I yield the floor.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

The Senate continued with the consideration of the bill.

Mr. THURMOND. Mr. President, what is the pending business?

AMENDMENT NO. 422

The PRESIDING OFFICER. The pending business is the Grams substitute for the Cochran amendment.

Mr. THURMOND. Mr. President, I consider this a matter of national security and, therefore, I support the efforts of the Senator from Mississippi to require export licenses for computers —in short, supercomputers to tier 3 countries, such as Russia, China, India, and Pakistan.

For several years, both the Strategic Subcommittee and the Acquisition and Technology Subcommittee, chaired by the Senator from New Hampshire, Senator SMITH, have conducted hearings on the administration's export policies on dual-use technologies with military applications. The concerns expressed by Senators COCHRAN and DURBIN is one of the issues which Senator SMITH was concerned about, and which he explored during his hearings.

The export of the high-performance computers to countries of concern could have a significant and potentially detrimental impact on United States and allied security interests.

The alleged export of the high-performance computers to Russia and China recently causes me great concern. The computers are more capable than any computer known to have been in use in those countries. The export of these computers was accomplished without export licenses. Evidently, the Russian Government told the companies that sold the computers that they would be used for modeling of Earth water pollution. However, subsequent to the sale, officials from the Russian Ministry of Atomic Energy stated that the computers would be used to maintain its nuclear weapons stockpile, to confirm the reliability of its nuclear arsenal, and to ensure the proper working order of the nuclear stockpile under the Comprehensive Test Ban Treaty.

Mr. President, according to U.S. export policy, the sale of high-powered computers that would directly or indirectly support nuclear weapons activities is prohibited.

Mr. President, I believe the Senator's amendment to require a license to export high-powered supercomputers with a 2,000 million theoretical operation range is appropriate.

I ask unanimous consent that I be added as an original cosponsor of the amendment offered by the Senator from Mississippi.

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

Mr. THURMOND. 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 ask unanimous consent that the Grams and Cochran amendments be temporarily set aside and it be in order for Senator COVERDELL to offer an amendment No. 423 to the bill on behalf of himself and Senators INHOFE and CLELAND.

I further ask that following 2 minutes for explanation by Senator COVERDELL, the amendment be set aside, and further, that the call for regular order with respect to the Inhofe-Coverdell amendment only be in order after the concurrence of the chairman and ranking member and Senators from the following States: Georgia, Utah, Oklahoma, California, and Texas.

Mr. LEVIN. No objection.

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

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

AMENDMENT NO. 423

(Purpose: To define depot-level maintenance and repair, to limit contracting for depot-level maintenance and repair at installations approved for closure or realignment in 1995, and to modify authorities and requirements relating to the performance of core logistics functions)

Mr. COVERDELL. Mr. President, I call up amendment 423.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Georgia (Mr. COVERDELL), for himself, Mr. INHOFE and Mr. CLELAND, proposes an amendment numbered 423.

Mr. COVERDELL. 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 B of title III, add the following:

SEC. . DEFINITION OF DEPOT-LEVEL MAINTENANCE AND REPAIR.

(a) DEPOT-LEVEL MAINTENANCE AND REPAIR DEFINED.—Chapter 146 of title 10, United States Code, is amended by inserting before section 2461 the following new section:

"§ 2460. Definition of depot-level maintenance and repair

''(a) IN GENERAL.—In this chapter, the term 'depot-level maintenance and repair' means materiel maintenance or repair requiring the overhaul or rebuilding of parts, assemblies, or subassemblies, and the testing and reclamation of equipment as necessary, regardless of the source of funds for the maintenance or repair. The term includes all aspects of software maintenance and such portions of interim contractor support, contractor logistics support, or any similar contractor support for the performance of services that are described in the preceding sentence.

''(b) EXCEPTION.—The term does not include the following:

''(1) Ship modernization activities that were not considered to be depot-level maintenance and repair activities under regulations of the Department of Defense in effect on March 30, 1997.

''(2) A procurement of a modification or upgrade of a major weapon system.''

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting before the item relating to section 2461 the following new item:

''2460. Definition of depot-level maintenance and repair.''.

SEC. 320. RESTRICTIONS ON CONTRACTS FOR PERFORMANCE OF DEPOT-LEVEL MAINTENANCE AND REPAIR AT CERTAIN FACILITIES.

Section 2469 of title 10, United States Code, is amended—

(1) in subsections (a) and (b), by striking out ''or repair'' and inserting in lieu thereof ''and repair''; and

(2) by adding at the end the following new subsection:

''(d) RESTRICTION ON CONTRACTS AT CERTAIN FACILITIES.—

''(1) RESTRICTION.—The Secretary of Defense may not enter into any contract for the performance of depot-level maintenance and repair of weapon systems or other military equipment of the Department of Defense, or for the performance of management functions related to depot-level maintenance and repair of such systems or equipment, at any military installation of the Air Force where a depot-level maintenance and repair facility was approved in 1995 for closure or realignment under the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note). In the preceding sentence, the term 'military installation of the Air Force' includes a former military installation closed or realigned under the Act that was a military installation of the Air Force when it was approved for closure or realignment under the Act.

''(2) EXCEPTION.—Paragraph (1) shall not apply with respect to an installation or former installation described in such paragraph if the Secretary of Defense certifies to Congress, not later than 45 days before entering into a contract for performance of depot-level maintenance and repair at the installation or former installation, that—

''(A) not less than 75 percent of the capacity at each of the depot-level maintenance and repair activities of the Air Force is being utilized on an ongoing basis to perform industrial operations in support of the depot-level maintenance and repair of weapon systems and other military equipment of the Department of Defense;

''(B) the Secretary has determined, on the basis of a detailed analysis (which the Secretary shall submit to Congress with the certification), that the total amount of the costs of the proposed contract to the Government, both recurring and nonrecurring and including any costs associated with planning for and executing the proposed contract, would be less than the costs that would otherwise be incurred if the depot-level maintenance and repair to be performed under the contract were performed using equipment and facilities of the Department of Defense;

''(C) all of the information upon which the Secretary determined that the total costs to the Government would be less under the contract is available for examination; and

''(D) none of the depot-level maintenance and repair to be performed under the contract was considered, before July 1, 1995, to be a core logistics capability of the Air Force pursuant to section 2464 of this title.

''(3) CAPACITY OF DEPOT-LEVEL ACTIVITIES.—For purposes of paragraph (2)(A), the capacity of depot-level maintenance and repair activities shall be considered to be the same as the maximum potential capacity identified by the Defense Base Closure and Realignment Commission for purposes of the selection in 1995 of military installations for closure or realignment under the Defense Base Closure and Realignment Act of 1990, without regard to any limitation on the maximum number of Federal employees (expressed as full time equivalent employees or otherwise) in effect after 1995, Federal employment levels after 1995, or the actual availability of equipment to support depot-level maintenance and repair after 1995.

''(4) GAO REVIEW.—At the same time that the Secretary submits the certification and analysis to Congress under paragraph (2), the Secretary shall submit a copy of the certification and analysis to the Comptroller General. The Comptroller General shall review the analysis and the information referred to in subparagraph (C) of paragraph (2) and, not later than 30 days after Congress receives the certification, submit to Congress a report containing a statement regarding whether the Comptroller General concurs with the determination of the Secretary included in the certification pursuant to subparagraph (B) of that paragraph.

''(5) APPLICATION.—This subsection shall apply with respect to any contract described in paragraph (1) that is entered into, or proposed to be entered into, after January 1, 1997.''.

SEC. 321. CORE LOGISTICS FUNCTIONS OF DEPARTMENT OF DEFENSE.

Section 2464(a) of title 10, United States Code, is amended—

(1) in paragraph (1), by striking out ''a logistics capability (including personnel, equipment, and facilities)'' and inserting in lieu thereof ''a core logistics capability that is Government-owned and Government-operated (including Federal Government personnel and Government-owned and Government-operated equipment and facilities)'';

(2) in paragraph (2)—

(A) by inserting ''core'' before ''logistics''; and

(B) by adding at the end the following: ''Each year, the Secretary of Defense shall submit to Congress a report describing each logistics capability that the Secretary identifies as a core logistics capability.''; and

(3) by adding at the end the following new paragraphs:

''(3) Those core logistics activities identified under paragraphs (1) and (2) shall include the capability, facilities, and equipment to maintain and repair the types of weapon systems and other military equipment (except systems and equipment under special access programs and aircraft carriers) that are identified by the Secretary, in consultation with the Joint Chiefs of Staff, as necessary to enable the armed forces to fulfill the contingency plans prepared under the responsibility of the Chairman of the Joint Chiefs of Staff set forth in section 153(a)(3) of this title.

''(4) The Secretary of Defense shall require the performance of core logistics functions identified under paragraphs (1), (2), and (3) at Government-owned, Government-operated facilities of the Department of Defense (including Government-owned, Government-operated facilities of a military department) and shall assign such facilities the minimum workloads necessary to ensure cost efficiency and technical proficiency in peacetime while preserving the surge capacity and reconstitution capabilities necessary to support fully the contingency plans referred to in paragraph (3).''.

Mr. COVERDELL. Mr. President, amendment No. 423 is language in the DOD authorization bill that would have the effect, in the judgment of the Senators that coauthored it from Georgia and Oklahoma—and I am pleased that Senator CLELAND, my colleague from Georgia and a member of the Armed Services Committee, has coauthored the amendment—this language would, in our minds, have the effect of concluding and carrying out what we believe were the findings of the last round of the Base Realignment and Closure Commission.

Because of the structure of the unanimous consent, it is designed to encourage the Senators of the States so enumerated in the unanimous consent to work arduously to try to resolve the differences that currently exist between our separate views of what the final Base Realignment and Closure Commission was and how it was carried out. It is a strong statement, following the lead of the good Senator from Oklahoma, who has been in pursuit of this issue for an extended period of time. Of course he is the principal author of the amendment.

Mr. President, I yield the floor, according to the unanimous consent agreement.

The PRESIDING OFFICER. The Senator from South Carolina.

MORNING BUSINESS

Mr. THURMOND. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak for up to 5 minutes each.

Mrs. HUTCHISON. Mr. President, reserving the right to object, let me ask just one question. In the last unanimous consent it was agreed amendment No. 423 would be set aside, subject to all of the unanimous consent requirements. Has it been now set aside?

The PRESIDING OFFICER. The amendment has been set aside.

Mrs. HUTCHISON. Thank you, Mr. President. I do not object.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Kentucky.

Mr. FORD. I understand we are in a period of morning business?

The PRESIDING OFFICER. We are in a period for morning business.

Mr. FORD. I may take a little longer. I don't see anybody here to object—excuse me, the Senator from Pennsylvania may, but we will start.

The PRESIDING OFFICER. The Senator from Kentucky.

PRINCIPLES FOR TAX LEGISLATION

Mr. FORD. Mr. President, when we start debating tax legislation on the floor, I hope our debate will be governed by a few basic principles. Let me state those questions which are most important to me personally. Each of these questions needs a satisfactory answer.

Are the tax benefits spread evenly across all income levels?

Is the tax legislation consistent with the budget agreement?

Does the tax package undermine a balanced budget after 10 years?

We need answers which meet basic standards of fairness and sound public policy. These are the standards I think we should use to judge any tax bill that comes to this floor.

Today, I would like to talk a little more about the first concern I have mentioned how evenly the benefits of the proposed tax bills will fall across income levels.

A distribution table put out by the Senate Finance Committee claims that 74 percent of the tax benefits in the proposal pending before that Committee go to those making under $75,000; 74 percent. That sounds pretty good.

On the other hand, our analysis shows that 43 percent of the benefits go to the wealthiest 10 percent, and two-thirds of the benefits go to the top 20 percent.

How can the two analysis be so different? Well, let's look at some of the differences.

First, the Republican claims about who gets the tax cuts are based only on 5-year projections—before many of the backloaded tax breaks are fully implemented. Our analysis looks at the tax cuts when fully implemented. Let me repeat that. They cut their analysis off after 5 years, before many of the tax breaks are fully implemented. You can play a lot of games by cutting off the analysis after 5 years. What happens after 10 years? Under the Republican income distribution, they will never tell you. But why not?

Our income distribution looks at these new tax breaks when they are fully implemented. What a difference it makes. Apparently the most backloaded tax breaks provide very little benefit for low and middle income workers.

Second, because the Republican claims are only based on 5 years, they treat capital gains cut as hardly any tax cuts at all. In fact, the Republican analysis of the House tax package claims that the capital gains tax cut is actually a tax increase for upper income taxpayers during the first 5 years. Imagine that—a capital gains cut that counts as a tax increase.

Third, the Republican claims about who gets the tax cuts ignore the impact that estate tax cuts will have in individual taxpayers. It simply ignores them. They don't count estate tax benefits at all.

The Republican claims about who gets the tax cuts ignore the fact that many of the proposed tax cuts are backloaded—meaning that the full impact is not felt until well after the first 5 years, and in some cases not until well after 10 years. This means they have essentially ignored not only the impact of capital gains cuts, but also the backloaded IRA's, and the phase-in of estates taxes.

Mr. President, the Center on Budget and Policy Priorities has produced a more detailed analysis of the distribution tables prepared by the Joint Committee on Taxation on the House tax bill. That analysis contains essentially the same flaws as the Senate analysis. I ask unanimous consent that this document, entitled ''Joint Tax Committee Distribution Tables Produce Misleading Results,'' be printed in the RECORD.

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

CENTER ON BUDGET AND POLICY PRIORITIES—JOINT TAX COMMITTEE DISTRIBUTION TABLES PRODUCE MISLEADING RESULTS

TABLES FAIL TO ACCOUNT FOR ANY OF THE BENEFITS FROM THE TAX CUTS WORTH THE MOST TO HIGH-INCOME TAXPAYERS

According to distribution tables the Joint Committee on Taxation has prepared the tax cuts proposed by Rep. Bill Archer, chairman of the House Ways and Means Committee, would concentrate their benefits among middle-class Americans. This finding is sharply at odds with the content of the legislation. Four of the largest tax cuts—the capital gains, Individual Retirement Account, estate, and corporate alternative minimum tax provisions—provide the large majority of their benefits to households with high incomes.

The Joint Committee's handling of these four provisions is fundamentally flawed. In effect, its distribution tables do not reflect any of the benefits that taxpayers would receive from the four provisions.

The Joint Tax Committee distribution tables ignore the effects of reductions in estate and corporate taxes. The Joint Committee did not examine the distributional effects of these tax changes.

The Joint Tax Committee distribution tables do consider the effects of the changes in the capital gains tax and the IRA provisions. The distribution tables, however, go only through 2002. Because the capital gains tax cuts and the IRA provisions are heavily backloaded, they do not result in net reductions in revenue collections during the time period the Joint Tax Committee examined. (For example, taxpayers would not begin to receive tax cuts from capital gains indexing until 2004). And because they do not result in net revenue reductions, the Joint Tax Committee assumes these provisions produce no net tax cut benefits in these years.

In fact, the Joint Tax Committee estimates that during the period through 2002, net capital gains tax payments would rise $1 billion due to the Archer capital gains tax provisions. In its distributions tables, the Joint Tax Committee treats this $1 billion as a tax increase, primarily on taxpayers at high income levels. As a result, under the Joint Tax Committee tables, high-income taxpayers appear to be the victims of a tax increase imposed by the Archer capital gains tax cuts.

By considering a time period in which the capital gains provisions cause a short-term increase in revenue collections and the IRA provisions result in no significant net change in revenue collections (the IRA provisions lose only $33 million cumulatively in the years through 2002), the Joint Tax Committee's distribution tables dramatically understate the benefits of the tax package to high-income taxpayers.

While the capital gains and IRA proposals produce no net revenue loss in the years through 2002, the combined revenue loss from these provisions is $51 billion from 2003 through 2007, years the Joint Tax Committee distribution tables do *not* examine. The large cost of these provisions during this second five-year period stands in sharp contrast to the $1 billion net gain in revenue from the capital gains and IRA provisions from 1998 to 2002, years the Committee's distribution tables do examine.

By 2007, the combined cost of the capital gains and IRA provisions exceeds $15 billion a year and is growing at a rate of nearly $3 billion a year.

If the Joint Tax Committee had examined the capital gains and estate tax provisions when they were fully in effect—and if it also had distributed the effects of the reductions in the estate and corporate alternative minimum taxes—the degree to which the tax benefits of the Archer plan accrue to high-income taxpayers would be shown to be vastly larger than the Joint Committee on Taxation tables indicate.

Like the capital gains and IRA tax cuts, the estate tax provisions of the Archer plan are heavily backloaded. (The corporate alternative minimum tax provisions are the only provisions principally benefitting high-income taxpayers that are not heavily backloaded.)

As a consequence of the backloading, the four upper-income tax cut provisions account for a growing proportion of the tax package over time. Specifically, in 2003, the capital gains, IRA, estate and corporate alternative minimum tax provisions account for 30 percent of the gross cost of the tax package. By 2005, they account for 35 percent of the gross tax cuts in the tax package. By 2007, the figure is 42 percent. By about 2010, the upper-income provisions, which concentrate the bulk of their benefits among a small fraction of the population, would account for a majority of the gross tax cuts in the package.

Furthermore, these percentage figures do not reflect several other major tax cuts in the package that would confer a sizable share of their tax cut benefits on high-income taxpayers—such as the provision weakening the individual alternative minimum tax and the $10,000-a-year education tax deduction, which includes no income limit on the taxpayers who can claim it. Eventually, the Archer plan becomes a piece of legislation whose predominant effect is to provide upper-income tax relief and enlarge the after-tax incomes of those in the wealthiest strata of society.

CHANGES IN JOINT TAX COMMITTEE METHODOLOGY SKEW THE DISTRIBUTION TABLES

Also of significance, the methodology the Joint Tax Committee has used in preparing the distribution tables on the Archer plan differs in important ways from the methodology the Joint Committee employed until late 1994.

Tax bills have been introduced on numerous previous occasions that phase in the tax cuts they contain. Accordingly, the Joint Tax Committee had to address on many prior occasions the question of how to estimate the distributional effects of tax provisions whose full effects would not be felt for more

than five years. Until the end of the 103rd Congress, the Joint Tax Committee traditionally addressed this issue by examining the distributional effects of the proposed tax changes when the changes were fully in effect. This also is the approach most tax analysts endorse and the approach the Treasury Department continues to use. But the Joint Tax Committee did not use this approach in analyzing the distributional effects of the Archer tax package. It thereby has significantly understated the effects of the backloaded tax cuts in the Archer plan that primarily benefit high-income taxpayers.

The Joint Tax Committee also has changed its methodology in another key respect. The capital gains and IRA provisions of the Archer tax package are designed so they increase tax collections in the period from 1998 to 2002. This increase in collections does not reflect an increase in tax rates or a change in tax law under which previously exempt income is made subject to taxation. Rather, the increased collections reflect voluntary changes in behavior by taxpayers who choose to make tax payments in the next five years that they would have made in later years in return for very generous tax cuts for years to come.

For example, the Joint Tax Committee estimates that the Archer capital gains provisions would produce a net increase in revenues in the years through 2002. In the first two years, these provisions would raise revenues because some investors would decide to take advantage of the new, lower capital gains tax rate to sell more assets than they otherwise would have sold in those years. The increased tax collections that result from the sale of an increased volume of assets in these two years do not represent a tax increase the government has required investors to pay. To the contrary, the increase in tax collections would occur because some investors would elect to sell in the next two years some assets they otherwise would have sold at a later date. The investors would sell these assets because they concluded it was in their interest to do so.

Similarly, the capital gains indexing proposal offers investors the *option* of paying capital gains tax in 2001 and 2002 on the increase in the value of various assets they hold between the time the assets were purchased and January 1, 2001, in return for large capital gains tax cuts when they sell these assets in later years. Because this offers such a sweet deal to investors, many would use it. They would pay capital gains taxes in 2001 and 2002 that they would otherwise have paid in future years when the assets are actually sold, and they would reap large tax cut benefits as a result. Here, too, the additional revenue collections in 2001 and 2002 do not represent tax increases the government has imposed on these individuals. To the contrary, these investors are securing large tax cuts for themselves.

The Archer IRA proposals also have this characteristic. They are engineered so taxpayers can opt to pay taxes during 1999 through 2002 that they otherwise would pay in future years in return for very generous tax breaks for years to come. Here, also, taxpayers would choose to accelerate some tax payments into the next several years because it would be in their interest to do so.

Under the traditional methodology the Joint Tax Committee used in the past, these accelerated tax payments that individuals would elect to make in the next few years, in return for large future tax breaks, would *not* be treated as tax increases imposed upon these individuals. Under the new methodology it adopted in late 1994, however, the Joint Tax Committee treats these additional revenue collections as tax increases. As a result, the Joint Tax Committee's distribution tables reflect the incongruous assumption that the net effect of the Archer capital gains and IRA proposals on wealthy individuals is to saddle them with a tax increase.

LEADING ANALYSTS REJECT NEW JOINT TAX METHODOLOGY ON THE DISTRIBUTION OF CAPITAL GAINS TAX BENEFITS

Many of the leading analysts in the field reject the new Joint Tax Committee method as producing severe distortions in the distribution of the benefits that a capital gains tax cut produces. Among those rejecting the new Joint Tax Committee approach are: Robert Reischauer, former director of the Congressional Budget Office; Henry Aaron, senior fellow at the Brookings Institution; and Jane Gravelle, the Congressional Research Service's leading tax expert and analyst. In addition, several years ago Gravelle co-authored an article on this matter with Lawrence Lindsey, a noted conservative economist who served until recently on the Federal Reserve Board and who supports a capital gains tax cut. In their article, Lindsey and Gravelle explicitly rejected the methodology the Joint Tax Committee has now adopted.

As Aaron has observed, investors who respond to a capital gains tax cut by selling more assets are people who face one set of opportunities under the current capital gains tax rates—and find it financially advantageous not to make additional asset sales—but face a more generous set of opportunities when capital gains tax rates are reduced and choose to follow a different course. ''Since they have the option of doing what they did before (i.e., not selling additional assets), but the new, more favorable tax rates induce them to do something else, they must be better off,'' Aaron explains. ''It is logically absurd to count them as worse off in any way whatsoever.''

Aaron's view is supported by an article Gravelle and Lindsey co-authored in 1988 before Lindsey joined the Fed. In the article they stated:

''* * * suppose a reduction in the capital gains tax rate led to substantially more capital gains realizations [i.e., more sales of assets] and actually increased the tax revenue paid by upper-income groups. * * * it would be totally inappropriate to say that their tax burden had increased. After all, with a lower tax rate, these upper-income taxpayers are less burdened than they were before, even though they pay more taxes.''[1]

In addition, in a more recent analysis examining the new Joint Tax Committee methodology, Gravelle notes that the standard methodology, if anything, understates the benefits that investors would secure from a capital gains tax cut because it does not reflect the tax benefits they would receive when they voluntarily sell more assets to take advantage of a lower capital gains tax rate. She also observes that economists generally would reject the new methodology.

Mr. FORD. Mr. President, let's not cook the books. Let's have a straightforward debate about who is getting the tax breaks that have been proposed, and whether we can do better. We hear a lot about income tax, but what about payroll tax?

Let's not ignore payroll taxes when we talk about who is carrying the tax burden today. Workers in this country pay a 7.65-percent payroll tax to finance the Social Security Program. They pay an additional 1.45 percent payroll tax to finance the Medicare Program. Social Security taxes are collected on the first dollar earned—up to $62,700. Medicare taxes are collected on all earned income.

The majority of workers in this country pay more in payroll taxes than they do in income taxes. So it is insulting for many of these workers to hear some around here talk about low income workers as if they pay no taxes. You will actually hear some Members come to this floor and argue that lower income workers do not get much of a tax break because they do not pay many taxes. They will say lower income workers do not get a full $500 per child tax credit because they do not pay enough in taxes.

This is just not true. A tax is a tax for most folks—whether they are income taxes or payroll taxes or estate taxes or something else. But by counting only income taxes and ignoring payroll taxes, it means that upper income taxpayers get more of the tax breaks, while lower and middle income workers get less.

So we have to do better.

Now, we will also hear that the top 10 or 20 percent get most of the tax benefit because they generate most of the income. Well, let's put that in perspective as well. According to the Congressional Budget Office, in 1994 the wealthiest 20 percent of families made about 48.1 percent of family income in this country. Yet under the Senate Finance Committee bill, they get 67 percent of the tax breaks.

Or let me put it another way—from a middle class perspective. Again according to CBO, in 1994 the bottom 60 percent of families made 27.3 percent of the income. Yet under the Senate Finance Committee bill, they get only 12 percent of the tax benefit. So I think we are a little out of balance. When the bill reaches the floor, I hope we can do better. I hope we can make it a little more fair. It is the least we can do.

Last, Mr. President, when we talk about the fairness of this package, we need to talk about how the revenue raisers in the Senate Finance Committee tax package affect different income groups.

Last night, the Finance Committee voted to increase excise taxes on cigarettes by 20 cents per pack. I understand that it's politically correct to attack the tobacco industry. And we're going to see plenty of piling on over the next few months regarding tobacco.

But let's talk for a minute about how this cigarette tax affects various income groups. It's well documented that cigarette excise taxes are the most regressive of all taxes—meaning they hit poor folks a lot harder than they hit upper income folks. According to a 1997 KPMG Peat Marwick study, U.S. families earning about $30,000 or less earned

[1] This quote is from Jane G. Gravelle and Lawrence B. Lindsey, ''Capital Gains,'' Tax Notes, January 25, 1988, p. 399. Gravelle included this quote in Jane G. Gravelle, ''Distributional Effects of Tax Provisions in the Contract with America as reported by the Ways and Means Committee,'' CRS Report for Congress, April 3, 1995.

about 16 percent of all income generated, but paid 47 percent of all tobacco taxes. Let me say it again. Families earning less than $30,000 pay 47 percent of all cigarette excise taxes.

The changes in the tax bill made last night will make the disparity among poor families even greater.

On average, low income persons pay 15 times more in tobacco taxes than upper income individuals.

And what was this tax increase on low income people going to be used for? To accelerate the increase in estate tax relief, which goes primarily to upper income individuals. This is a reverse-Robin Hood amendment. We are taxing the poor to help the wealthy.

The amendment will also reportedly be used to provide $8 billion in additional spending for health insurance. Just a couple of weeks ago we heard how this would violate the budget agreement. We voted 55 to 45 against an amendment that would raise taxes in order to raise spending on health insurance. Phone calls were made to the President of the United States to tell him how this would violate the budget agreement and how he better announce he was opposed to the amendment. Yet last night, some of the very same Senators who made those arguments on the floor a few weeks ago apparently voted in favor of a very similar amendment. How could it violate the budget agreement a few weeks ago and not now?

Last, Mr. President, the timing of this tax increase is most interesting. Later today we may hear an announcement of a ''global settlement'' of tobacco litigation. The agreement will require congressional action. As I understand it, this agreement completely fails to address the interests of tobacco farmers and factory workers, nearly all of whom are low to moderate income workers. But we will have that debate on another day.

What is interesting today, however, is the impact of that agreement on all these proposed cigarette tax increases. The tobacco settlement, if implemented, will have an immediate impact on prices, raising the price of a pack of cigarettes by somewhere in the neighborhood of a dollar. This, of course, will depress consumption—which in turn will reduce revenues by about 20 to 25 percent, or maybe even higher. So any proposals in the reconciliation bill to raise revenues by raising cigarette taxes will prove to be overly optimistic as soon as any global settlement is implemented. This means less revenue will actually be raised, and our deficit problems will be worse—particularly in the out years. So there is a great ripple effect as work here if these tax increase proposals succeed.

But last, Mr. President, let me return to my initial point. The tax package considered by the Finance Committee benefits upper income individuals too heavily. The cigarette tax adopted last night makes matters even worse, because it is primarily a tax on low income individuals. So not only do low income folks get virtually none of the tax breaks—but they will now get a tax increase.

I hope my colleagues who claim great concern for low income people will keep this in mind as they prepare to vote on the tax reconciliation bill. As for this Senator, I think a bad bill was made worse by the Finance Committee last night, and it is simply not a package I can support in its current form.

I yield the floor.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

AMERICANS DISABLED FOR ATTENDANT PROGRAMS TODAY

Mr. SPECTER. Mr. President, I have sought recognition today to discuss programs proposed by the Americans Disabled for Attendant Programs Today, a group known as ADAPT, that is working to help people who are disabled live normal lives.

There is a curious provision in the Medicaid laws, one of many curious provisions in the Medicaid laws, which does not permit people to live at home in community-based settings as opposed to being in nursing homes. I have sought to persuade the Secretary of Health and Human Services to change that program with a letter which I wrote to her on February 28, 1997, pointing out that ''it has been brought to my attention that considerable savings to the Medicaid Program could be achieved by redirecting long-term care funding toward community-based attendant services, and by requiring States to develop attendant service programs meeting national standards to assure that all people with disabilities have full access to such services and can live at home.''

When the Secretary came for a hearing, the question was propounded and the response has been that ''HHS is currently considering such programs as a policy option but has not yet put them into effect. The Robert Wood Johnson Foundation is funding a demonstration program that will be operational next year, and the Department is looking toward the results of that program before acting.''

It is my thought, Mr. President, that there is a clear-cut need for this kind of a program to be put into effect forthwith, and if the Department of Health and Human Services does not do so, then it may be necessary to enact legislation which would require the Department to act in that way. In the meantime, the appropriations subcommittee, which I chair, has increased the funding for the independent living program by some $2.1 million for a $74.6 million allocation this year.

I had occasion earlier this year to visit a group of people who are living at home and told them that I would display on the Senate floor their sweat shirts and send to them a video cassette. Sweat shirts are very popular these days. This one says, for those who might not be able to read it on C-SPAN2: ''Our Homes, Not Nursing Homes.'' Underneath the logo is ''ADAPT,'' which is Americans Disabled Attendant Programs Today.

They are a very courageous group. They are principally in wheelchairs, with very, very substantial disabilities, struggling to live independent lives and doing a great job at it. What they want is the flexibility to be able to live at home and to have home services.

I think this is another area where Medicaid ought to have a little flexibility, understanding the needs of people. One way or another, Mr. President, we intend to get there and reasonably soon.

(The remarks of Mr. SPECTER pertaining to the introduction of S. 943 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

(The remarks of Mr. SPECTER pertaining to the introduction of Senate Concurrent Resolution 34 are located in today's RECORD under ''Submissions of Concurrent and Senate Resolutions.'')

Mr. SPECTER. I thank the Chair. I note the absence of any other Senator seeking recognition and 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. COVERDELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ENZI). Without objection, it is so ordered.

Mr. COVERDELL. Mr. President, I ask unanimous consent in the period of morning business, the following Senators be permitted to speak for up to the following periods of time: Senator MURKOWSKI, 30 minutes, and Senator COVERDELL or his designee for up to 60 minutes from the hour of 2 o'clock to 3 o'clock.

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

TAX RELIEF

Mr. COVERDELL. Mr. President, we are in the midst of a great deal of history in the 105th Congress. As most people now realize early out, the Congress, the leadership of the Congress and the President of the United States and his administration reached an agreement that they would work together to produce, finally, after well over a decade, tax relief, and that we would produce by the year 2002 a balanced budget which would, of course, by definition, produce constrained spending, and that we would take steps to protect the solvency of Medicare at least for upward to a decade, and begin to reduce spending in order to reach these balanced budget goals.

By and large, I believe the American people are pleased with the concept of

this agreement. I suspect that not all of them realize that was only one step in a 1,000-mile journey, and that once those basic parameters had been established then you had to begin the business of having the committees of jurisdiction produce the actual legislation that would produce this effect.

Mr. President, this has been a long goal of the Republican majority of this Congress that came here in 1994, to produce balanced budgets and to produce tax relief for America's families and workers that we believe are under the most severe economic pressure in contemporary history. They are paying more taxes. An average family is paying higher taxes today than at any time in contemporary history.

This agreement comes in the context of a longstanding battle between this Congress and the President. I am going to take just a moment or two to remind us of the general milestones in that battle. In 1992, 5 years ago, when the President was first seeking election, he promised the American people, particularly the middle class, that he would lower their taxes, that if he were elected President, he was going to reduce the economic tax pressure on middle-class America. In August of 1993, in his first year of the Presidency, that promise to lower taxes became, in reality, the largest tax increase in American history. I repeat, the promise to lower taxes was fulfilled by raising taxes to the highest level in American history.

Then came the elections of 1994 and the American public said, ''Now, wait a minute here. We were told we were going to have tax relief, and our tax bill has gone up. We were told that American Government would shrink, and we just witnessed the single largest proposal to enlarge the Federal Government in American history.''

So we had the largest tax increase, which passed by one vote—that of the Vice President, seated in the very chair that the Presiding Officer occupies right now, and that was followed by a suggestion that we should expand the Federal Government to take over every aspect of health care, which was narrowly defeated.

So in 1994, the American public sent new leadership to the Congress, and they turned the Congress over after three decades of dominance by the other party, and they elected a new majority.

The new Congress, Mr. President, designed a balanced budget, reduced the size of the Federal Government, reduced Federal spending, and offered to lower taxes by the equivalent amount of money that the President had raised taxes. He raised taxes in 1993 by about $250 billion, and the new Congress came in and lowered taxes by $245 billion. So what it in effect was was a refund of that galloping tax increase that hit the American public in 1993.

That went to the President and the President took his pen and struck it down. He vetoed the tax relief, he vetoed the balanced budget, and he vetoed all the constraints that were represented in the balanced budget. Now, even though it was vetoed, it was a historic achievement because it was the first time in over 30 years that a Congress proved that it could, indeed, muster the courage and the muscle to pass a balanced budget and at the same time lower working families' taxes. But it was vetoed.

Now we have two major events that have occurred here—in 1993, taxes were raised to historical levels; in 1995, the Congress tries to refund that and the President vetoes it.

We have another election. The President is reelected and he is reelected under the theme: The era of big Government is over; the era of big Government is over. The Congress is reelected in the House and the Senate, the Congress that was committed to balanced budgets and tax relief. The leadership of this Congress and the newly elected President, for his second term, decided to sit down, and they had historical meetings, both in the Capitol and at the White House, and they announced a historical agreement that both will work for a balanced budget, for tax relief and constrained spending.

Last night, the Senate Finance Committee passed to the full floor of the Senate a proposal that honors the agreement for tax relief in the range of $135 billion. That tax relief is not enough, but keep in mind it is an agreement between an institution—the White House is not all that enamored with tax relief per the discussion we just had—and a Congress that would like it to be substantially more. At the end of the day, the proposal that will be coming to the Senate floor will be about a refund equivalent of about 40 percent of that tax increase that was put in place by the President in 1993. So it is very meaningful and very significant.

Just to remind the American public—no one can see this chart, but it goes from 1950 to 1997, and you can see the trend. The percentage of the Nation's wealth consumed by taxes has gone from 23.4 to almost 32 percent—up, up, up, and up.

This proposal that we will have coming before us is the first in well over a decade that would significantly lower that burden. A little later on in my remarks I will talk further about the condition of the average family, but we will take a moment and talk about some of the details of this tax relief. First of all, Mr. President, it is for kids. This is tax relief for children. The $500 per child tax credit will help parents—that is per child—will help parents meet the needs of children and teenagers. We figure teenagers probably have the highest economic impact on the family than even the real little ones, and that is the difference between us and the President. The President's proposal does not include tax relief for teenagers, but we do and this proposal does. So it is a $500 per child tax credit to help parents meet the needs of children and teenagers because parents can decide their children's needs better than Washington bureaucrats.

We are leaving the money in their checking account, not dragging it up here and then micromanaging it as to what is important in that family. Obviously, it is for the parents of these children. We make it easier in this tax relief for parents to afford their children's higher education by building on the President's Hope education proposal and improving it. We make it easier for parents to save and to invest for their own future by expanding IRA's and including a homemaker IRA that will help either mothers at home or working mothers.

This is a plan for the grandparents in their retirement years. Those who have worked hard and played by the rules and saved for retirement should be rewarded, not punished, as is the current law. Some say, on the other side of the aisle, you are rich—which is often characterized in an uncomplimentary fashion. I am also often amused by what is considered wealthy, and you do not have to have much to be targeted as being a wealthy person in America around this Washington establishment. On the other side of the aisle they say you are rich if you put money into mutual funds or contributed to a company retirement plan or built a small business with your own sweat and labor, or run your own farm. An average farmer would be categorized as rich, according to the other side of the aisle.

More than half of all taxpayers claiming capital gains have incomes under $50,000. I want to repeat that. More than half of all taxpayers who claim capital gains have incomes of less than $50,000, and most, or many, are seniors who live a better life by converting their lifelong investments. Over the years, as we have heard argument after argument against lowering the tax on capital gains, we have heard time and time again that that is just something for wealthy people; that is just something for rich people.

I repeat: More than half of all who claim capital gains earn less than $50,000 a year.

Mr. President, I have noted the arrival of the distinguished chairman of the Senate Budget Committee, who has played just a massive role in these agreements and has been following the details of their fulfillment in great detail. I yield up to 15 minutes of our time—unless he needs more—to the distinguished Senator from New Mexico.

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

Mr. DOMENICI. First, I compliment Senator COVERDELL, so soon after completion of the tax package and deficit reduction package, for him being on the floor encouraging Senators to evaluate it and to speak out. I think it is fair to say that no one has had an opportunity to review, in detail, the tax bill that was written last night. Sometimes people confuse the Budget Committee with the Finance Committee.

The Finance Committee is the tax-writing committee. It has a lot of additional jurisdiction, including Medicare and Medicaid in the Senate. The Budget Committee does not write the laws. It writes the budget resolution. But we try our best to keep abreast of what is going on.

The reconciliation bills will be up next week, and there are some very technical rules about these bills. We will be careful to advise everyone on how to apply those technical rules and the way that is best to get the issues framed in the Senate and get the votes proceeding.

Today, I want to indicate that the package of tax cuts that the Finance Committee passed last night, from this Senator's standpoint, is a very exciting package. In the Finance Committee package, approximately 82 percent of the tax relief is made up of a family tax cut that we Republicans have been promoting for almost 5 years, and education assistance priorities, which we all share. Let me repeat that we are going to hear a lot about some of the other tax proposals in this bill. But our American citizens ought to understand that out of every dollar in tax reductions in this bill, no matter what is said about the remainder of the package, 82 percent of the tax relief is made up of the $500 child credit and education assistance in this bill.

It represents the biggest tax cut in 16 years.

Now, some complain that it is not big enough. The American people should know that, in our efforts to get a balanced budget put together, this is not a huge tax cut. In the first 5 years, it is around $85 billion. To put that into perspective, we spend about $1.6 billion every year. Our gross domestic product, the sum of all input into the economy, is well over $5 trillion, moving toward $6 trillion. So this is a tax cut that permits us to do some good things for the American taxpayers, and I repeat that approximately 82 percent of the package goes to families that are raising children; they get a tax cut of $500. We call it this fancy name, ''tax credit.'' But, essentially, a tax credit means that if you owed $5,000 in income taxes, you can take $500 off of that $5,000. There is no other way to say it than it is a tax cut. Most of it is for working men and women in America who are not particularly wealthy.

We are never going to be able to produce a tax cut package that some Senators—particularly on the other side of the aisle—are not going to moan about. They are going to moan that it goes to the wrong people. Well, some of them don't want a tax cut at all. Some just have to find something to make sure that the poor in the country believe that the other party is serving the poor better than we are. That is just too bad, because it is obvious in this American society, to most people that look at our economic situation, that we ought to be doing more on the capital formation side of this equation.

So while this bill is finally and firmly tax relief for middle-class families, it does include some relief from capital gains taxes, and for people with a home. It gives them a very generous $500,000 exclusion from capital gains tax for people who sell their house. But it also provides some capital gains relief for many millions of Americans who sell an asset, be it a few shares of stock, a piece of real estate, a family lot that they inherited from their parents, or stock on the stock market. And we have not gone wild with reference to this capital gains tax. It is a pretty reasonable one, considering that we don't have an awful lot of money to spend.

Obviously, no matter what is done with reference to death taxes, there will be some who complain that you ought not change death taxes, even though we haven't changed the basic exemption for many, many years. While inflation has built up, we have left it just like it was, and now millions of Americans—not a few hundred thousand—are looking out there saying that 50 to 55 percent of what they have accumulated on death is going to go to the Federal Government. We don't think that is exactly right—most of us—on our side. We think there ought to be much more concern about the energizing of society and this economy that comes with people who work hard because they want to accumulate wealth. We don't want to take that away by making the death tax so onerous. We haven't been able to change it very much in this bill, but there is some improvement. It will take 10 years to be fully implemented. Frankly, we will hear some more about that, too. It is obvious that it is easy to talk about that as if it were something bad for us to try to give some relief to these kinds of Americans who worked hard to build a business up, who have been smart and accurate on how they have done things. We are going to give them some tax relief. It is a small portion of this package. It is something we want to do. I am sure there are many Democrats that want to do this also, and I am quite sure something like the death tax relief in this bill is going to become law.

Now, let me repeat, this bill provides a $500 tax credit per child, beginning the day the child is born. By making changes in the order that the earned-income tax credit and new child credit are taken, the Finance package adds about 900,000 more children who will be eligible for this tax relief than the House version of this bill. I believe that this change that we now have a bill that we will not be accused of being unfair to a very large part of the working people in the country.

The earned-income tax credit—although it has been dramatically increased—was a Republican idea, incidentally, for those who wonder. Ronald Reagan was a staunch supporter of saying to those who want to work for a living that we want to encourage you to work, even though you are not making a lot of money. We want to discourage you from going on welfare by giving you this earned-income tax credit. So it is for working adults who are not earning enough in the eyes of Congress and past Presidents, and so we give them that earned-income tax credit.

When you look at the rest of this bill—at least the major components—the cost of a college education has increased 234 percent since 1980. The bill helps families save for college, helps students pay for college and pay back certain loans, helps employers pay for their employee's education, which many of us have thought for a long time is a very prudent thing to do. If you need more education in this society for better jobs and for the transition required in today's job market, if an employer wants to pay for it, we don't understand why the employer should not be able to deduct that and why the employer should be paying for that as if they earned money. So we are fixing that, to some extent. It includes tax relief for education assistance provided by the employer side, which I have just alluded to, and it helps employees maintain what many think is a new characteristic of American society, which is maintaining a lifelong learning opportunity.

It provides capital gains to help people generate more incentive to invest in U.S. companies that provide jobs and help grow this economy. One of the interesting things is that people can be in favor of jobs, but oftentimes it is very difficult to make the case that there are a lot of ways to create jobs, and they are not singularly—in fact, the worst way in terms of cost effectiveness is for the Government to provide programs that create jobs. We do that sometimes. In fact, in the bill before us, we are going to have a $3 billion, 5-year program on welfare jobs. Frankly, we agreed to it. I have very slim hope this initiative will succeed. But we agreed on some things that I did not believe in and this was one of them.

When you invest in capital formation and help American companies grow, they can build new modern plants, install efficient technology, you, as an investor and a citizen, are deserving of an accolade that you are helping create jobs. And so a capital gains tax cut should recognize that jobs were created and the country benefited from the investing and risk taking that the investor was willing to take.

Actually, the capital gains provisions are pretty good. Last night the committee partially corrected the discrimination against real estate—real estate that is depreciable, whether it is a building, whether it is an office storage, or an office building, we came very close to mistreating those investments. Thanks to some amendments last night, it is getting closer to at least a reasonable treatment of the gain that comes when you sell that kind of an asset. It won't be the same as the other

asset sales, be it stock equity or your home, or other things, but we are moving in the right direction.

So I am pleased that the Senate bill treats capital gains investment on real estate better than the House bill. I hope we keep that. It lowers the recapture rate to 24 percent. I actually believe that, in due course, it ought to be the same as the overall capital gains rate. I know my friend from Georgia agrees with that. You only have so much money to go around and you can't do everything.

Now, I understand that one of the things we have problems with in our country—and I don't stand here saying that the IRA's in this bill are going to solve it. But America is now becoming known, worldwide, as the country that doesn't save. We love to spend, but we don't like to save. We are very fortunate that, for the last 15 or 20 years, or so, our credit has been so great, and our economy so stable, and the country so stable, that a lot of foreign money flows into America to pay our debts.

But essentially, so long as we run big deficits—and hopefully we are putting a stop to that—and so long as the American people do not save otherwise, we are still going to be the world's largest borrower and the world's worst saver; that is, as a people and as business and as Government goes.

On the other hand, we are moving in the right direction. I for one think that we ought to have universally IRA's. But we are not going to get there until we totally reform the Tax Code. But there are some powerful IRA provisions in this package. I am not sure that all of them will stay through conference, and I am not sure that some won't be attacked here on the floor. But, nonetheless, the idea of doing something to encourage savings by middle-income Americans instead of just those who are at the top of the ladder is very exciting to me. Countries with the highest saving rates are moving in the direction of greatest economic growth. Greater economic growth translates into better jobs, bigger paychecks and higher standards of living. For the higher the savings rate—Japan has a high savings rate—some people say, ''Well, they don't do it voluntarily.'' It is almost mandated by their government. But at least they do, and the government almost tells them how much of their paycheck has to go into savings.

Some of the other countries in the Pacific rim have great savings prospects for their people. We have to do better. And we will be doing better, if this bill becomes law.

I alluded earlier to the death tax, and I am not going to say much more about that.

But I do want to comment that I wish today I could tell people of New Mexico—and I wish everybody could know in their States—the exact impact of this tax bill on their States and their constituents. I understand, however, that the Tax Foundation has done that for the House bill.

So, if you want to know what the House bill has done in terms of the citizens of your sovereign States, you can get that. It looks to me from what I can discern in terms of my State of New Mexico that the tax relief numbers attributable to the people of my State from the Ways and Means bill are worthy of stating because I think the final package will result in bigger tax cuts for New Mexicans. I think the Senate Finance package will result in bigger tax cuts than the Ways and Means package. So I will be able to say to New Mexicans that we are going to do at least this and probably better.

Let me just recite to show how important it is to a small State like mine. New Mexicans will save $388 million over 5 years because of the child credit in the House bill. New Mexicans will have $388 million of their own money to spend on their families as a result of this tax package. We are doing a little better under the Senate version.

It is common knowledge that, if you look at New Mexico you discover that we have a lot of children in the families of the working poor. So I would assume for the working people who pay taxes that my State will get a higher benefit as a result of the ways the Finance Committee ''stacked'' the earned income and new child credit. That is a pretty good chunk of money that will stay in New Mexico rather than coming to Washington because of the $500 credit. That makes it kind of understandable. Mr. President, $338 million-plus will never leave our taxpayers' pockets in New Mexico and come to Washington. It will stay there.

Mr. President, New Mexicans will also save $229 million in additional dollars of their own money to spend on education for their children.

There are a couple of glitches in the bill. There will be a big debate about should there be an IRA for education after the 13th year or 14th year. But when it is all taken into account the House bill has $229 million that will stay with New Mexico families to use on education that they would otherwise send to Washington for us to determine how to spend it. And, obviously, we are very convinced on this side of the aisle that both the child credit, the education-type deductibles, and the like are better determined there in my home State—and the Senator's State of Georgia by his people, and our people. So as much of that as we can leave there the better we feel and the better we think the lives of our people will be.

So while this bill has a road ahead of it that may be thorny and may be contentious—I am not speaking only of the tax bill—I believe it is not too soon to come here and say, ''Well, this is what I am going to try.'' There will be some additional spending money on child health care. And I know that. I have an open mind. I want to hear the committee talk about it and report on it. I am of the opinion—and I know it doesn't set well with some States—but I think the cigarette tax portion of it was inevitable. We could see that coming. And I think the committee took 20 cents instead of 43 cents, which was proposed by Senator KENNEDY and Senator HATCH, or Senator HATCH and Senator KENNEDY. And then it used that money for very good purposes, I think, of the bill. It spent some. And that is why many would like it all to have gone for tax cuts.

But, you know, the bill came out with total bipartisan support. And I am not sure we need total bipartisan support on every major measure as it goes through the Senate. But I believe we started this budget exercise with a strong suggestion that we might get the package adopted. Frankly, that was because we recognized that the President was not of our party and that we had to work with Democrats here in an effort to get something that the President would sign. There is no use going through another process as in 1993 where Democrats just passed a huge tax increase or 1995 where just Republicans voted for an enormous tax reduction plan with reforms in every area only to find that it would get vetoed.

The reality of it is—and Republicans are beginning to understand—that we have a President who is not of our party. He is the President. If we want to make a point, we can make a point. When we want to get something done, it is pretty obvious that we have to have him as a part in getting it done as a team.

So I am hopeful. We are moving in that direction.

I thank the Senator for arranging the time.

I yield the floor.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I thank the Senator from New Mexico for, as usual, his eloquent description of this proposal.

I would make one comment. And then I am going to yield to the distinguished Senator from Utah.

When you talk about savings, in my judgment, the force that has more to do with destroying savings is Uncle Sam. When something marches through an average person's checking account and takes over half, as they do today—a 45-percent tax is the cost of Government, and higher interest rates because of the deficit—there isn't anything left to save in an average family. You can look at every data and see exactly what has happened as we ratchet up the amount that the Government takes out of that checking account. We closed savings accounts all over the country. Until we start moving resources, as the Senator described, for New Mexico back into their savings accounts, we are never going to have them open savings accounts.

Mr. DOMENICI. The Senator should also add that as the deficit turns into

debt—that is the accumulation of the deficit, the debt—you have to go out and borrow that money. And essentially that is not saving. To the extent that you have to go borrow the money, you have to get it from somewhere. And our biggest activity for not saving has been the deficit. It gobbles it up, and it isn't available. It is used for that, if nothing else, plus the fact that high taxes prevent you from being able to have any left over, which is your premise here today. We are not in the greatest shape in just that one area. The economy looks pretty good. It looks like we are moving in the right direction in how we treat our American business. It seems like they have a little more freedom than European companies. We find that they do better for us and better for workers that way. That is better than most countries. But saving is still something that we are working very hard on. If we can get the deficit down to zero, we are surely moving in the direction of putting more savings into the total pot of savings for growth, prosperity, and other uses.

I yield the floor.

Mr. COVERDELL. I thank the Senator from New Mexico.

I yield up to 10 or 12 minutes to the Senator from Utah, or, if he needs 15, I will yield that as well.

Mr. BENNETT. I thank the Senator from Georgia.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Mr. President, I have come here because I have seen a series of articles that have appeared in the newspapers. I am not a believer in a conspiracy theory. But I think there is a movement afoot to give us a steady drumbeat of repetition of a particular theme coming out of those who are opposed to any kind of tax relief. And I picked two examples to show what this drumbeat is.

The first one appeared in the Washington Post, written by Alan Blinder. Alan Blinder, Mr. President, used to be the Vice Chairman of the Federal Reserve Board. He is now a professor of economics at Princeton.

He starts his presentation this way:

> I have always opposed cutting the capital gains tax, and still do. The case is simple and compelling. No one has yet produced evidence that lower capital gains taxes will lead to higher savings and investment; claims that they are just hunches. But we do know that a lower capital gains tax will shift some of the tax burden from the haves to the have-nots just when income disparities are at postwar highs.

Then he goes on to say how terrible the capital gains tax rate is and laments the fact that he and others like him have lost the debate.

A few days later Robert Kuttner wrote the following, again in the Washington Post. I would tell you who Robert Kuttner is, if I knew. But I am not as familiar with him as I am Alan Blinder.

He says, referring to capital gains tax:

> . . . with the stock market setting new records, the timing is a bit off.
>
> It's hard to argue with a straight face that the prospect of paying capital gains tax is deterring much productive investment.

Again, another drumbeat along the idea that cutting the capital gains tax is really nothing more than a way of putting more money into the pockets of the rich—that it will not increase investment, that it will not increase savings. Those who say that it will are ignoring the economic evidence. And these economists make this case over and over again. I submit to you, Mr. President, that they are shooting at a straw man. Either they do not understand the impact of capital gains taxes in the economy, or they don't want us to know what capital gains taxes really do to the economy because I am not going to stand here and argue with Professor Blinder on his turf. I want to take him to my turf, which is the marketplace. I want to take him to the marketplace where real people make real economic decisions in real life, and not the classroom where people argue about it.

Let's start out with a little bit of classroom conversation, however, to set the context for this. I submit to you this truth, Mr. President: All wealth comes from accumulated capital.

If someone somewhere does not stop spending everything he creates in the way of product and saves some of it, accumulates some of it, there will never be any wealth. Out of accumulated capital comes factories. Out of accumulated capital comes machine tools. Out of accumulated capital comes the infrastructure that then produces more wealth.

The argument in society in the last century or so has not been over that truth. It has been over the question of who should own the accumulated wealth.

Karl Marx, and others, said that society as a whole should accumulate wealth but that individuals should not. We have already seen one society give us an example of what happens when society holds all of the accumulated wealth and does not allow individual property accumulation. That example was called the Soviet Union, and it is the premier economic basket case of this century. It has wreaked absolute havoc in the lives of all of its people.

Still the notion that society should own accumulated wealth has some currency in the world, and there are those who call themselves Socialists based on their notion that society should own everything and that the wealth should be accumulated by society. We have a different notion in this country. We go back to the writings of Adam Smith, who coincidentally wrote his book, ''The Wealth Of Nations'' in 1776, which was a good year for this country: The wealth should be held in private hands, that when private people accumulate wealth, they do better things with it than when society as a whole accumulates wealth.

Why is this important? Because the capital gains tax is a tax on movement of accumulated wealth. It is not a tax on the wealth itself, it is only a tax that is levied when there is a movement of that wealth from one entity to another; or, in our circumstance, from one individual to another, one private corporation to another private corporation.

I now give you the second great truth that applies in the marketplace. All wealth comes from risk-taking. If someone is not willing to take a risk and invest his or her accumulated wealth in that factory or that machine tool or that plow, with no guarantees that the investment is going to pay off, the wealth that comes from the factory or the machine tool or the plow will never be there. So these two principles guide what we are doing: All wealth comes from accumulated capital and all wealth comes from risk-taking.

So, what happens when a private individual or corporation accumulates some wealth, accumulates some capital, takes some risk and creates some wealth, and then decides to move that from one investment to another? The Government steps in and says we will tax that movement. That is what the capital gains tax is all about. We will tax the movement of accumulated capital from one investment to another.

This is what happens—real example, real world, not classroom stuff now. I will give you an example of a friend of mine who invested at great risk in a new venture. He is that kind of fellow. He is an entrepreneur. He takes risks. I'll keep the numbers very simple. Obviously there are more accounting details to this, but the illustration is accurate. He made, let us say, $100,000, and to keep it simple let's rule out the tax base. Let's say he has a cost of zero. In fact it was not that, but a gain of $100,000.

So now he has $100,000 of accumulated wealth, but what has happened to his investment? Over the years that it has grown from zero to $100,000, it has become what we call a mature investment. That is, it is now earning 10 percent a year and that's about the prospect for this investment from now on. And this guy, because he is an entrepreneur, is restless with a 10 percent return. He wants to take some bigger risks and do some other things with his money. He sees an opportunity over here that will produce him a 20 percent return. Yes, it has a risk. He is willing to take the risk. He is willing to move his accumulated capital from company A to company B. And the Feds step in and say, ''We want 28 percent of that, or $28,000.'' And the States, of course, follow right along. He is going to end up, moving his capital from company A to company B, with $65,000 worth of accumulated capital instead of $100,000.

Now, if he earns a 20 percent return on $65,000, for 3 years he will not even break even, back up to his $100,000 where he was. And the $100,000, if he had left it alone, would have earned an

additional $30,000. He has to earn a 20 percent return on his $65,000 investment for 5 years just to get even with where he would be if he had left his capital alone.

Well, you say, so what? This is a rich man, he has $100,000; why are you concerned about him? I am concerned—not about him. He can take care of himself just fine. I am concerned about the people in company B who will not get jobs because they cannot attract investors. Why can't they attract investors? Because the entrepreneurs have their money locked up in the investment that only earns 10 percent.

He can find somebody who can buy investment A very easily. There are lots of people to say we would be satisfied with a 10 percent return in a mature company, absolutely. We will buy your stake and let you go out and run the risk to do something else. But, no, the capital, by virtue of the capital gains tax, is locked into investment A, because the entrepreneur says I can't afford the tax hit to move my investment capital from investment A to investment B. Therefore, I will not be backing the new rising company that needs funds.

These people whom I quoted at the beginning say the stock market is going through the roof, and what do they offer as proof of that? The Dow Jones averages. How many people understand the Dow Jones averages are derived from 30 stocks? The Dow Jones Corp. picks 30 companies, baskets them together into a single average, and what happens to the prices of those 30 stocks is described as what is happening to the market as a whole. Yes, they are probably doing a pretty good job of picking some representative stocks, but understand they have only picked 30 companies. The Standard & Poor's index has 500 companies in it, and you know what? It's not going up quite as much as the Dow. Then there is the little known, little followed stock index called the Russell 2000, and as the name indicates, it has 2,000 stocks. But none of the Russell 2,000 stocks are in the Standard & Poor's 500 or even in the Dow 30. These are the new entrepreneurial companies where the jobs for the next decade are going to be created. Do you know what is the story in the Russell index? It is down. It is not up the way the Dow is. It is not up the way the Standard & Poor's is. It is down.

These little companies, struggling along, entrepreneurial efforts, need money. Where are they going to get the investment? Are they going to get it from the big venture capitalists who like to back them? Maybe, if they can make their presentation. But they will find, time and again, that the venture capitalists who would otherwise be taken with their presentation and give them backing will say to them, ''I'm sorry, I am locked in by the capital gains tax. I am locked in with an investment that would cost me so much in tax, if I were to sell and back you, that I will not make that money available to you.'' I have personally seen this phenomenon take place. I have been present when discussions of this have gone on, and I know, very differently from the way it may appear in a classroom, that in the real market the capital gains tax at its present level is stopping entrepreneurs from moving their capital from one investment to the other and making capital available to the entrepreneurial companies that would create the jobs of the future.

I said on this floor before and I repeat here again, I challenge every Member of this body to go home to his or her home State, gather the venture capitalists in the home State together, gather the real estate investors, if you will, in the home State together, and ask this one question: Are there deals that should be done not being done because of the capital gains tax? I have asked that question in my home State and I am told, almost with a laugh: All over, Senator. Everywhere you look there are deals that should be done, certainly could be done, but are not being done because of the capital gains tax.

Now, ask this question: Are the deals that should be done the deals that have the greatest potential for job creation in the future? And the answer is, once again: Yes. So then I ask the question: What is going on? And I am told, look, Senator, there are so many cockamamie trade-outs being done, ways to avoid a realization of any kind of a gain that are being put together by lawyers and accountants because they want to back this in one way or another but they cannot take the hit that will come if they move their capital from investment A to investment B, so they are jerry-rigging all kinds of deals that will ultimately rise up and bite them in ways that will be detrimental.

I started off by quoting Alan Blinder, with whom I disagree, and identifying him as a former Vice Chairman of the Federal Reserve Board. I close by quoting the Chairman of the Federal Reserve Board, Alan Greenspan. Alan Greenspan has a reputation of his own. He has a reputation that has brought him praise from Members of this body on both sides of the aisle. I have sat in the Banking Committee and on the Joint Economic Committee and heard my Democratic colleagues congratulate Mr. Greenspan for the deft and intelligent way he has handled monetary policy in this country.

Mr. Greenspan tells us what the capital gains tax rate ought to be for the greatest benefit of the economy. He recommends a capital gains tax rate, not of 18 percent, as proposed out of the Finance Committee, not of 14 percent, as proposed by the Dole campaign, but zero. Because he understands the basic principles that I outlined in the beginning: All wealth comes from the process of investing accumulated capital and all wealth comes from risk-taking with that capital. The capital gains tax is a tax on that process. The capital gains tax by definition is a tax that will hold down the creation of wealth.

Alan Greenspan understands that the greatest boon that can come for this country is the creation of more and more wealth and that is why he calls for a capital gains tax rate of zero. I think we are being very modest when we call for a capital gains tax rate of 18 percent. I hope those responsible for these articles and these comments in the Washington Post would go back to school at the feet of Professor Greenspan and learn again where wealth comes from and what we need to do in the Government to foster its creation.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COVERDELL). Will the Senator from Utah withhold?

Mr. BENNETT. I withdraw my request.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. ENZI. Mr. President, on behalf of the present occupant of the chair, I will yield myself 10 minutes and also ask unanimous consent the order be extended by the same amount.

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

The Chair recognizes the Senator from Wyoming.

Mr. ENZI. Mr. President, I congratulate you and thank you for providing this opportunity for us to talk a little bit today about taxes to our colleagues and to the American people. I do rise in support of the tax reform proposals that have been offered by the Republican Congress. Yesterday I presided over the Senate for an hour and listened to an hour of Republican bashing on taxes. I am here today to proudly say that if it were not for Republicans in this body, we would not be debating tax cuts for the American people at all. We would only be talking about increased spending—not increased spending that the American people helps to decide on, just increased spending. And increased spending leads to increased taxes.

So, I am proud to be working on a tax cut proposal for this Congress. The American people have not received serious tax relief for 16 years. Earlier this year I had the pleasure of chairing a committee hearing in Wyoming on small business. One of the groups that appeared there was the Society of CPA's. They asked for tax simplification and tax cuts for the American people.

You might say that's kind of a strange bunch to want tax simplification, but I have to tell you it is so complicated that their liability is hanging out. It is difficult for them to meet the needs of the people. If you call the Internal Revenue Service on successive days with a tax question, you will most likely get different answers on that tax question. But they were reluctant to ask for the simplification because

every time they have worked on simplification in this country, we have wound up with tax increases. That is one of the things we are here to guard against, is tax increases. And we are proposing a tax package that provides for nearly $85 billion in net tax cuts over the next 5 years. It is the first step in providing the American people with the tax relief they so richly deserve.

This tax package provides broad-based tax relief for America's families. This is just the first step toward peeling back the monumental tax hike passed by the Democratic Congress and President Clinton in 1993.

It should come as no surprise that the administration and many of my colleagues on the other side of the aisle began bashing the Republican's tax proposal almost as soon as it was unveiled.

A brief review of the last 5 years illustrates that this administration believes that a bloated Federal Government knows better how to spend your money than you do. President Clinton's tax hike in 1993 punished the American people by burdening them with more than $240 billion—billion—in new taxes. The President's tax increase was the largest in American history and it came after—after—the President had promised that he would offer middle-class tax relief. The Republican tax package would give Americans back some of the hard-earned money that was taken from them 4 years ago.

We in Washington must never forget that we are talking about the people's money. As an accountant—and I am the only accountant in the U.S. Senate, which I like to humorously say probably accounts for the difficulty in getting tax cuts and balanced budgets—I hear people talk about how happy they are that the Government gave them a tax refund this year. I have to remind some of them that that wasn't the Government giving them a tax refund, that was them overpaying their taxes, the already overexorbitant taxes overpaid, and they were getting back their own money. We get confused, particularly in Washington, and we have to remember that we are talking about the people's money.

Some of my friends on the other side of the aisle seem to have forgotten this. They apparently believe it is the job of the Federal Government to take as much money away from the private citizens as they possibly can and then set themselves up as a ''committee of Government'' who divides that money up to take care of everyone as they see fit.

Mr. President, this is wrong. We should allow citizens to keep more of their own money and make their own decisions on how it should be spent. Government often purports to know more about our own needs than we do. But you know best how to spend your own money. History has demonstrated that the American people will use their money more wisely and more efficiently than we in Congress will. While they are doing that, they will be very compassionate, as well as constructive.

The Republican tax package is aimed at providing broad-based tax relief for the majority of the American people. The $500-per-child tax credit would provide $81 billion in tax relief for America's families over the next 5 years. This idea has been championed by the Republican Party as a means of helping America's families. The President thought it was such a good idea that he has even campaigned on it.

Many families today have two parents working: one of them works to pay the bills, the other one works to pay the taxes. We should be working to strengthen our American families in any way that we can. Taxes are our tax policy, and we should be disappointed and embarrassed by what our tax policy says. We should not be strangling American families with a punitive Tax Code that penalizes marriages. It provides very little tax relief for families with children. It punishes people with a further tax on interest income when they try to save for their kids' college educations or for their own retirement. To add insult to injury, we even tax people when they die.

We kind of have this tax policy in the United States that if it moves, you tax it, and if it won't move, you tax it; when you buy it, you tax it; when you sell it, you tax it; and if you happen to die owning something, we're going to tax half of that, too.

I listened to much of the debate yesterday by my colleagues on the other side of the aisle who claim this is a tax cut for the wealthy. This claim has absolutely no basis in fact unless you play with statistics. I watched the charts yesterday. We should have truth in advertising on the Senate floor. We saw charts that indicated that people earning $30,000 a year would only get a $50-a-year tax credit. That is playing with the truth. They said that people who earned $400,000 would get $7,000 in tax relief. That is also lying with statistics.

Take the $500 tax credit all by itself. If you earn $30,000 and you have kids, you would get a tax credit of $500 per child, and as I heard so eloquently explained earlier by my colleague from New Mexico, that is a tax credit. That means you don't take it off the income part of your tax statement, you take it off the taxes that you owe. You get to fill it out clear down to the balance first, and that is where you get the biggest tax cut. You figure your tax bill, and then you get to subtract from your tax bill this $500-per-child tax credit.

I assure you that people who are earning $30,000, as most of you know, pay taxes, and if you pay taxes and you have kids, you get the tax credit, you get a $500-a-year credit for that child. That is quite a bit bigger than the $50 that was claimed here yesterday.

If you take and lump everybody together, there are a whole bunch of people who are earning money who are not even married yet and don't have kids. They are looking forward to that tax credit, but they are not earning it. If you combine all of those, maybe you can get it down to an average of $50 per person who pays taxes in the $30,000 tax bracket. I would like to see a lot more detail on the kind of charts that we saw.

We did pass welfare reform. That was the American people saying that we do expect people in this country to work and pay taxes. The credit would not go to people who do not pay taxes. We are not going to pay people not to work. What we are talking about here is the ability of the people in the United States to still enjoy the American dream. The American dream of owning their own home, their own car, to be able to be an entrepreneur; have an idea, go out and start a business and have that business grow into one of the biggest in the country. When they start that business, they are hoping that they can be doing it for their kids as well; that there will be money that can go to their kids.

They are hoping to be able to pass some money on to the next generation. They are worried about their kids. I know a lot of people who have homesteaded in the West and spent every dime that they have earned off their farm or ranch to buy more land so that they would have land to pass on to their kids. Something interesting is happening out in the West, and that is, a whole bunch of people are moving into Wyoming from other States, and they are willing to pay a lot more for land than what the cows will produce on the land. The price of land has been increasing greatly. That is what they have to pay an inheritance on. They are taking away their ability to pass it on to their kids, a way of life, a way their kids anticipated earning money.

I saw a program the other night about the new millionaires. Millionaires, we consider them to be rich. I can tell you—not from personal experience I can't—but from looking at people's returns, today's millionaires are not nearly as rich as years-ago millionaires. It is happening today, and the way it is happening is people who are working on assembly lines or in small business are taking a little bit of money out of their check—I know it is difficult to do—but they are taking that money and investing it, and when they get to retirement age, some are now finding because of these investments they have been doing for years and years, the business has been successful enough, they worked hard enough at their job to make that business successful, that the stock they bought is worth over $1 million. And then they die just at the time they get to their retirement, and the Federal Government says your kids aren't entitled to that, even though you worked for it for yourself and your kids all of that time. We, the Federal Government, are entitled to almost half of that money. We didn't do anything to help it, but we get it.

The fact is that the overwhelming majority of the tax cut contained in the Senate's tax package go to middle-income families. According to the Joint Committee on Taxation, which is Congress' official tax estimator, 74 percent of the benefits of the tax relief bill will go to individuals and families making $75,000 or less. Moreover, 82 percent of the benefits would go to families with educational needs, these middle-income families who were hardest hit by the Democrats' radical tax hike in 1993, and this is the group that is in most need of serious tax relief.

What many of my colleagues on the other side of the aisle really want to return to is welfare. They want to raise the taxes on people who are now paying taxes to give more money to those who aren't paying any taxes at all. That is not tax relief, it is welfare. Moreover, the budget proposal already provides for $1\frac{2}{10}$ trillion in spending for the next 5 years. The tax proposal would be a good first step in allowing families and small businesses and those who save to keep more of their own.

We need to get beyond the misstatements and distortions and give the American people meaningful tax relief. As we prepare for the debate on the tax package next week, I ask my colleagues to join me in this endeavor.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair and wish the Chair a good afternoon.

THE 20TH ANNIVERSARY OF THE TRANS-ALASKA PIPELINE

Mr. MURKOWSKI. Mr. President, I advise my colleagues that 20 years ago today, a truly historic event occurred in my State of Alaska that had much to do with the shaping of the character of our State probably as much as the majestic and unique parts of our State, whether it be in the mountains or glaciers.

On June 20, 1977, at 10:06 a.m. at Prudhoe Bay, AK, the crude oil discovered on the North Slope 9 years earlier began to flow. It began its journey south some 800 miles to the ice-free port of Valdez through the Trans-Alaska pipeline. That first trip, which now takes about 5 days for the oil to move, took over 1 month to complete and marked the culmination of the largest private construction project ever undertaken in the history of North America.

Since that time, every citizen has benefited from this marvel of American engineering, but few really understand how significant this feat was and how much it has contributed to our Nation. The pipeline took 3 years of construction.

The total cost was about $8 billion. The initial estimate was just under $1 billion. However, in today's dollars, that would equate to about $22 to $25 billion. It was truly a marvel, one of the engineering wonders of the world. It took 2,215 State and Federal permits to proceed. Today, it is estimated to take over 5,000. Approximately 70,000 people were used as a work force; over 3 million tons of materials were shipped to Alaska for construction; 73 million cubic yards of gravel were used; 13 bridges, ranging from 177 feet to 2,295 feet had to be constructed going across the Yukon River; 834 rivers were crossed; three mountain ranges as well.

Since that time, Mr. President, that pipeline has been subject to earthquakes, it has been subject to bombing, dynamite has been wrapped around it, it has been shot at so many times too numerous to count—but it has withstood those rigors of Mother Nature as well as mankind.

While there was a terrible accident associated with the grounding of the *Exxon Valdez*, which was of course due to negligence on behalf of those who were operating that vessel, the Prince William Sound is cleaned up today, and it is continuing its contributions as one of the most productive bodies of water on Earth. From the standpoint of the renewability of the fisheries and marine resources of the area—I do not mean to belittle the significance of that tragedy—but Mother Nature has a way of cleansing, and it was helped by a good deal of funding, commitment and expertise from Alaskans and those outside. But the fact remains, this pipeline continues to contribute a great deal to the economy of this country.

Certainly much of the permitting process, and to a large degree the continuity of maintaining quality and environmental concerns, are a responsibility of the Federal Government as well as the State government which watched over the construction and the operation and made sure it was done responsibly. But those groups did not stand in the way of construction.

Since the pipeline first flowed on June 20, 1977, the pipeline has produced and provided the United States with over 25 percent of the domestic crude oil produced in the United States and about 10 percent of total U.S. daily consumption of crude oil, to give you some idea of the significance of this particular and unique all-American pipeline.

So, as a consequence, as we look at our situation today, this pipeline has contributed significantly to U.S. energy independence and, I might add, energy independence that is in serious jeopardy.

Consider this for just a moment, Mr. President. In 1994, domestic flow production dropped to 6.6 million barrels a day, the lowest since 1954. National demand has increased to more than 17.7 million barrels per day, the highest level since the mid-1970's. The United States imported 51 percent of its oil in 1994. Today, we are importing a little over 52 percent, but according to the Department of Energy, U.S. dependence on foreign oil is expected to rise to nearly 70 percent by the year 2000.

If not for the trans-Alaska pipeline, we might have already reached 70 percent imported oil. How much higher would our gasoline prices be without that pipeline? How much more likely would we be putting our children and grandchildren in harm's way on foreign soil to protect our domestic interests if we were importing more than 70 percent of our oil? Because, make no mistake about it, Mr. President, the Persian Gulf conflict was about keeping the flow of oil for the benefit of the world.

We have always had an environmental concern over the pipeline. It was predicted that this pipeline, going through permafrost, which is frozen ground, and being a hot pipeline carrying warm oil, would cause heat generation and melt the permafrost, and, therefore, the pipeline would continually go further and further down, to fulfill perhaps a self-propelling prophecy that was suggested it would end up in China some day. Didn't we always know as kids, if you went down far enough, you would end up in China? Well, clearly that has not happened, Mr. President.

The pipeline operates in permafrost. The hot oil flows through the pipeline, but the pipeline was clearly engineered to withstand that. It was suggested that this pipeline across 800 miles of Alaska would cause the animals, the wildlife associated with it, be it the polar bear, the grizzly bear, the brown bear, the black bear, the caribou, or the moose, to somehow have a fence they could not cross. The facts are, at the pipeline and the buried sections, the animals browse on it in the early spring because the small amount of heat generated causes the grasses to come up first, and it has become a sight and attraction. We see the caribou in their migration standing on top of the buried pipeline because there is more wind there and there are less opportunities for mosquitoes. So to suggest that it has somehow restricted the natural flow of wildlife certainly has not occurred.

One can bottom line it and simply say the predictions of the environmental groups who said this was going to be some kind of environmental disaster have not occurred. It has been successful. It has done its job, and continues.

To suggest it has not had its share of problems or there have not been mechanical failures and there have not been human failures—of course there have. I have always supported stringent oversight of the pipeline. We have been working with the Joint Pipeline Office and the Department of Transportation, and the effort has been successful.

But every now and then we find opponents of development in Alaska who are looking for a cause, the cause of membership or cause of dollars or perhaps they bring up some of the young attorneys from Harvard or Brown to do

missionary work in Alaska by representing one or another of the environmental groups. I think we have some 62 in Anchorage now.

They need a cause. And one of their favorite topics, when things are slow, is to come out with a report that somehow the pipeline is in peril, somehow the pipeline is not being operated in the most efficient manner from the standpoint of the public interest.

First of all, Mr. President, those who own the pipeline, the major owners—ARCO, Exxon—produce petroleum. Their interest is moving oil, moving oil safely, moving oil economically. To do anything less than that would be detrimental to their own interest.

The State of Alaska maintains an oversight, the Federal Government maintains an oversight. But nevertheless, we continually see reports that purposely mislead the public about the Trans-Alaska pipeline.

Those of us in the Senate know that if you do not have your electric code book up to date—and there are 25,000 or 30,000 separate entries—you can be classified by an agency as having 25,000 or 30,000 violations. It does not mean that your code book has not been updated during the last year for any number of reasons.

So we have had critics of the pipeline from time to time issuing reports intended to portray some of these problems as standard operating procedure for pipeline management rather than an exception. Of course, it generates for those particular organizations contributions and in some cases generates membership. But these claims are in stark contrast to recent oversight reports by responsible State and Federal agencies tasked with the oversight responsibility.

In 1995, the U.S. Department of Transportation audited the Office of Pipeline Safety to determine its effectiveness in ensuring the Trans-Alaska pipeline operations minimize risk to life and property. The audit concluded the operation ''is effectively monitoring and inspecting [the pipeline]. Also, when violations were identified, OPS took enforcement actions against Alyeska'' and made corrections.

In August of 1995, at the request of Congress, the GAO completed an audit of the pipeline operators and their response to identified deficiencies. The report concluded that ''Alyeska has taken substantive actions that, if carried through to completion, appear to be adequate to correct the problems.''

Last year, the Joint Pipeline Office concluded that Alyeska has implemented its revised quality control for the pipeline sufficiently to allow its full approval.

So, Mr. President, these are the responsible agencies and current reports we have on hand. We have no reason to doubt their accuracy.

Finally, Mr. President, Alaska truly is a great State, a great big piece of real estate. We have many great assets, including our people and the resources that we have. On this date, I would like to especially recognize the role the Trans-Alaska pipeline has had in shaping our State and the benefits it has provided to this Nation's energy and natural security interests.

Finally, Mr. President, on July 18–20, I am going to be leading a number of our colleagues to Alaska to look at the issues related to resource development of Alaska's Arctic, specifically the Trans-Alaska pipeline and other areas where truly the wealth of North America is coming from the Arctic.

I remind the Presiding Officer that Alaska just happens to be the only State with any Arctic in it. So as part of that trip, we will take a close look at the marvels of the Trans-Alaska pipeline, what it has meant to this Nation. I look forward to leading this group, and I encourage my colleagues to join with me on this important trip.

Finally, in conclusion, on the 20th anniversary of the Trans-Alaska pipeline, I would like to congratulate those workers who operate and have operated this pipeline for the last 20 years against tremendous odds, extraordinary climactic conditions, and have done it in a manner of recognizing that American technology and ingenuity and can-do spirit can just about overcome any adversity and any particular challenge of the time.

The successful operation of the Trans-Alaska pipeline for the last 20 years, I think, has proven that indeed the men and women who are associated with the pipeline and the Alyeska crew are certainly up to the task.

I thank the Chair.

Mr. President, I yield the floor.

134TH BIRTHDAY OF THE STATE OF WEST VIRGINIA

Mr. BYRD. Madam President, today is the 134th birthday of the State which I have been so pleased and so proud and so privileged and so honored to represent in Congress since January 1953. Born of the turmoil of the Civil War, West Virginia has never had an easy time of it. Although blessed with great beauty and rich in natural resources, my State's rugged terrain and isolated geography have worked to make her people a breed apart.

Their independent views—they are a mountain people; mountain people traditionally have independent views, whether they live in Switzerland or Afghanistan or in Scotland or in West Virginia—their independent views, their impoverishment, their fierce loyalty to their communities, to their State and to their country have made them fodder for bad jokes, degrading sitcoms and derogatory nicknames.

Well, I am here to tell those who would perpetuate such hackneyed stereotypes that it is they—it is they—who are backward, because in West Virginia's hollows and on her mountains live some of the finest people in all of God's great creation.

For the most part, West Virginians are religious. They don't have, as some would like to portray, rattlesnakes in their church services. They are traditional in their outlook, they are reverent about their tried-and-true customs and patriotic about their Nation.

In World War II, West Virginia ranked fifth among the States in the percentage of its eligible male population participating; first among the States in eligible male population participating in the Korean war; second among the States in the percentage of its eligible male population participating in the Vietnam war. Also, West Virginia ranked first among the States in the percentage of deaths its eligible male population suffered during both the Korean and Vietnam wars.

West Virginians are generally quiet. They are not loud talkers. I don't like loud talkers. They are not loud talkers. You would not hear them from one end of the Capitol to the other talking with loud voices in the corridors. They don't do that. They are generally quiet, courteous, sincere, and accommodating.

There is a presence of basic values among her residents that is scarce in much of the Nation in many places. West Virginians value hard work. They are not afraid of it. They love their families. They have a respect for authority. We don't burn flags in Weirton, WV, where there are at least 30 ethnic groups from the old world. They have respect for their communities and a love for their country and reverence for a Creator.

They don't go around wearing their religion on their sleeves. They don't make a big whoop-de-doo of it, and, as far as I am concerned, most are not the religious right or the religious left. They are simply respectful of a Creator and quietly religious.

More and more people are discovering our State. The crime is low in West Virginia, life is slower there and stress seems to float away, to be replaced by the serenity of beauty, charm and uncomplicated courtesy. Our unique mountain crafts attract attention nationwide, as do our scenic parks and our recreational activities.

West Virginia really is a world apart. My State has come a long way from the days when she was plundered by industrial barons who lived outside her borders, plundered for her rich natural resources, and many of her citizens were used as little more than indentured servants in those days in the dangerous dirty work of mining coal, for example. Today, she is experiencing new economic growth and prosperity as a result of new roads.

When I was a member of the West Virginia House of Delegates, the lower house of the West Virginia Legislature in 1947, West Virginia had 4 miles—West Virginia had 4 miles—of divided four-lane highways—4 miles. That was when I was starting out in politics, now 51 years ago. Four miles, and then one need not wonder why West Virginians become indignant when a few dollars are appropriated by the Federal Government to build safe, modern four-

lane divided highways in West Virginia; a few dollars compared with the billions of dollars that go for airports, go for mass transit and other modes of transportation elsewhere.

So she is experiencing new economic growth. Travel our highways now, view the scenery now, experience the hospitality now, see the historic places, stand on the tops of those mountains and view the creative works of an omnipotent God. Look at her sunrises, pause at her tranquil sunsets and view the land where the early pioneers crossed the Alleghenies with a Bible in one hand and a rifle in the other, carrying a bag of seeds.

They used the forests, dredged the rivers, and built a great State—a great State—a State that was born during the struggle between the States, the war between the States, the war among the States.

So she is experiencing new economic growth and prosperity as a result of new roads, technology, and forward-looking leadership. In fact, West Virginia boasts four cities in the top 200 of Money magazine's 1997 list of the best places in America to live. And there are many more than four cities there and towns and rural communities that I would categorize as the best places in America to live.

So today I say to all of those who have never tasted our glorious country cooking or danced at our traditional mountain festivals to tunes that are played by mountain musicians, never skied our shimmering slopes or paddled our wild white water, never heard the rich notes of our mountain music or gazed at our phenomenal sunsets, come to West Virginia. We will show you the way.

Happy birthday. Happy birthday, West Virginia. May you grow, and may your people never, never change.

Madam President, I yield the floor.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. I want to commend the able Senator from West Virginia on his devotion and dedication to his State. He has just paid a wonderful eulogy to that State and the people of that State. I am sure the people of the United States are very proud of West Virginia and the people of West Virginia and the able Senator who represents them here in the Senate.

Mr. BYRD. Madam President, I thank my friend, my senior colleague, for his gracious and kind remarks concerning my State and my people.

CHEMICAL WARFARE DEFENSE DOCTRINE

Mr. BYRD. Mr. President, one year ago tomorrow, on June 21, 1996, in a hastily called press conference, the Department of Defense revealed that United States troops may have been exposed to Iraqi chemical nerve and mustard agents as a result of the post-war demolition of an Iraqi ammunition storage depot at Kamisiyah, Iraq. By September 1996, the DOD estimate of the number of soldiers who may have been exposed had climbed to just over 20,000, and the DOD announced that studies were still under way that could push that number even higher. This announcement raised new fears that Iraqi chemical warfare agents may have played a role in causing the illness among United States and coalition veterans of the Persian gulf war that has come to be called gulf war syndrome, and it exposed flaws in the manner in which the Department of Defense tracked the locations and medical histories of units and individual troops. The Department of Defense and the Presidential Advisory Committee on gulf war illnesses have subsequently attempted to address this and many other possible causes of gulf war syndrome, as have a number of congressional committees. There is still considerable uncertainty and controversy surrounding this issue.

As a result of that announcement, I offered an amendment to the Fiscal Year 1997 Department of Defense authorization bill to provide $10 million for independent scientific research into the possible relationship between chemical agent exposure, particularly to low levels of chemical agent exposure, and gulf war syndrome. My amendment was adopted without debate by the Senate and supported through the conference with the House, and I thank my colleagues for sharing in my concern that our veterans be provided with the independent medical research on this subject that had not previously existed. I am eager, as I know our sick veterans and their families are also, to learn the results of these studies.

But, Mr. President, although efforts to improve medical records management techniques in order to better understand and treat future post-war illnesses among United States troops—efforts already undertaken by the Department of Defense—are a step in the right direction, I believe that the most effective course of action is to prevent the exposures from occurring. We must not settle for just closing the barn door after the horse has bolted. We must find out why the door failed to contain the horse, and fix it. In that regard, the effectiveness of current doctrine and technology is questionable. It is not certain that our chemical detectors will provide a sufficient warning for low levels of chemical agent, and it is not certain that our military doctrine and procedures are adequate to fully protect our troops in a scenario that is not immediately life-threatening. Nor is it certain that the military anticipates the synergistic effects of different factors, such as the administration of vaccines and anti-chemical warfare agent drugs, in combination with the use of pesticides or exposure to other battlefield effluents, including chemical and biological agents.

I am concerned that United States military doctrine has not changed to reflect these lessons learned from the gulf war experience and its aftermath. My concern is, I know, shared by many of my colleagues, who over the years have pursued these issues in hearings. Indeed, even the Special Assistant for gulf war illnesses at the Department of Defense has admitted in testimony before Congress that ''We [DOD] need to learn from our Gulf experience and make the necessary changes in policies, doctrine, and technology.''

I am pleased, therefore, that two of my colleagues on the Armed Services Committee, Senator LEVIN and Senator GLENN, have joined me in requesting that the General Accounting Office [GAO] initiate an evaluation of this very issue. Both of these very able Senators have, over the last several years, questioned the ability of our military to fight and win on a chemical battlefield. We have asked the GAO to address the adequacy of current policies, procedures, and technologies to first adequately defend United States military forces against single, repeated, or sustained exposure to low levels of chemical warfare agent, and to second identify, prepare for, and defend against the possible adverse effects of chemical warfare agent exposure in combination with other compounds commonly found in the battlefield, including pesticides, oil and diesel exhaust, biological warfare agents, low level radiation, medically administered vaccines, and other occupational hazards.

It is my hope that this study will lay the foundation upon which we might make effective and targeted adjustments in next year's Department of Defense authorization bill that will give our soldiers the ability and confidence to fight and win on a chemically contaminated battlefield.

IN MEMORY OF BILLY N. STEPHENS

Mr. FORD. Mr. President, on Sunday, May 18, a soldier was laid to rest in a small Kentucky community along the banks of the Ohio River. But this wasn't to be any small affair. Billy Stephens had served his country and community with distinction and he would be honored for those contributions by a 17-man team from Ft. Knox.

Once the rifles were fired, the bugle sounded taps, and the flag from the casket was presented to his widow, those present couldn't help but feel the enormity of his life. A son of Hawesville in Hancock County, if you met Billy Stephens on the street, you might not suspect him of greatness.

But it is because of him and others like him, that you and I enjoy freedom today.

In 1940, he joined the Army and served for the duration of the war. Before the war ended, he would participate in seven campaigns and earn seven battle stars. In addition to the EAME theater with seven Bronze Stars, his military decorations included the

American Defense Service Medal and the Good Conduct Ribbon.

When he left the Army his commitment to service continued, not only as the Hancock County Sheriff, but also in his dedication to seeing the community grow, while preserving its solid rural values. It was that unyielding devotion that earned him the Citizen of the Year award in 1992 by the Hancock County Chamber of Commerce.

Perhaps his commitment to country should come as no surprise. His father served in the Army during World War One, and both of his brothers served in World War II, where one narrowly escaped death at Pearl Harbor. Both of his sons served in Viet Nam, as did his daughter's husband. His grandson continues the tradition as an Air Force Academy graduate.

Mr. President, Billy Stephen's contributions will be felt for generations, both as soldier and community leader. He was a good father, husband, friend, and fighter for America, and his presence will be sorely missed.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Thursday, June 19, 1997, the Federal debt stood at $5,330,018,602,378.07. (Five trillion, three hundred thirty billion, eighteen million, six hundred two thousand, three hundred seventy-eight dollars and seven cents)

One year ago, June 19, 1996, the Federal debt stood at $5,120,985,000,000. (Five trillion, one hundred twenty billion, nine hundred eighty-five million)

Five years ago, June 19, 1992, the Federal debt stood at $3,933,120,000,000. (Three trillion, nine hundred thirty-three billion, one hundred twenty million)

Ten years ago, June 19, 1987, the Federal debt stood at $2,293,351,000,000. (Two trillion, two hundred ninety-three billion, three hundred fifty-one million)

Twenty-five years ago, June 19, 1972, the Federal debt stood at $426,191,000,000 (Four hundred twenty-six billion, one hundred ninety-one million) which reflects a debt increase of nearly $5 trillion—$4,903,827,602,378.07 (Four trillion, nine hundred three billion, eight hundred twenty-seven million, six hundred two thousand, three hundred seventy-eight dollars and seven cents) during the past 25 years.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ENZI). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

MESSAGES FROM THE HOUSE

ENROLLED BILL SIGNED

At 1:18 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 bill:

H.R. 956. An act to amend the National Narcotics Leadership Act of 1988 to establish a program to support and encourage local communities that first demonstrate a comprehensive, long-term commitment to reduce substance abuse among youth, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–2253. A communication from the Chairman of the Tennessee Valley Authority, transmitting, pursuant to law, the report under the Freedom of Information Act for calendar year 1996; to the Committee on the Judiciary.

EC–2254. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of a Presidential Determination relative to the Federal Republic of Yugoslavia; to the Committee on Foreign Relations.

EC–2255. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of two rules including a rule entitled ''Visas'' received on June 10, 1997; to the Committee on Foreign Relations.

EC–2256. 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–2257. A Communication from the Assistant Secretary of Defense, transmitting, pursuant to law, a response to a report relative to tax deductibility of nonreimburseable expenses; to the Committee on Finance.

EC–2258. A communication from the Attorney-Advisor, Federal Register Certifying Officer, Financial Management Service, Department of the Treasury, transmitting, pursuant to law, a rule entitled ''Offset of Tax Refund Payments to Collect Past-due, Legally Enforceable Nontax Debt'', received on June 18, 1997; to the Committee on Finance.

EC–2259. A communication from the Chair, Federal Energy Regulatory Commission, transmitting, pursuant to law, a rule relative to nuclear plant decommissioning trust fund, received on June 16, 1997; to the Committee on Energy and Natural Resources.

EC–2260. A communication from the Acting Deputy, Office of the Secretary, Department of the Interior, transmitting, pursuant to law, a rule entitled ''National Capital Region Parks-Kennedy Center and Distribution of Literature'' (RIN1024–AC61), received on June 18, 1997; to the Committee on Energy and Natural Resources.

EC–2261. A communication from the Director of Defense Procurement, Acquisition and Technology, Secretary of Defense, transmitting, pursuant to law, a report of 43 rules relative to the Defense Acquisition Circular 91–12, received on June 16, 1997; to the Committee on Armed Services.

EC–2262. A communication from the Director, Federal Bureau of Prisons, Department of Justice, transmitting, pursuant to law, a rule entitled ''Scope of Rules: National Security; Prevention of Acts of Violence and Terrorism'' (RIN1120–AA54), received on June 19, 1997; to the Committee on the Judiciary.

EC–2263. A communication from the Congressional Review Coordinator, Marketing and Regulatory Programs, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, a report of a rule entitled ''Mediterranean Fruit Fly; Addition to Quarantined Areas; Regulated Articles'', received on June 19, 1997; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2264. A communication from the Chairman, Nuclear Regulatory Commission, transmitting, pursuant to law, a report relative to the Commission's Accountability for fiscal year 1996, received on June 19, 1997; to the Committee on Governmental Affairs.

EC–2265. A communication from the Director, Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, a rule relative to Fisheries of the Exclusive Economic Zone Off Alaska, received on June 19, 1997; to the Committee on Commerce, Science, and Transportation.

EC–2266. A communication from the Chief of the Forest Service, Department of Agriculture, transmitting, pursuant to law, a report relative to the Tongass National Forest; to the Committee on Environment and Public Works.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROTH, from the Committee on Finance, without amendment:

S. 949. An original bill to provide revenue reconciliation pursuant to section 104(b) of the concurrent resolution on the budget for fiscal year 1998 (Rept. No. 105–33).

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. 947. An original bill to provide for reconciliation pursuant to section 104(a) of the concurrent resolution on the budget for fiscal year 1998.

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. HARKIN:

S. 942. A bill to repeal the requirement that the Secretary of the Navy maintain a dairy farm for the Naval Academy; to the Committee on Armed Services.

By Mr. SPECTER (for himself and Mr. SANTORUM):

S. 943. A bill to amend title 49, United States Code, to clarify the application of the Act popularly known as the ''Death on the High Seas Act'' to aviation accidents; to the Committee on Commerce, Science, and Transportation.

By Mr. D'AMATO:

S. 944. A bill to require the Secretary of Housing and Urban Development to establish procedures for requesting waivers on behalf of qualified international medical graduates of the 2-year foreign residency requirement; to the Committee on the Judiciary.

By Mr. BREAUX (for himself and Mr. GRAHAM):

S. 945. A bill to eliminate waste, fraud, and abuse in the medicaid program; to the Committee on Finance.

By Mr. CRAIG:

S. 946. A bill for the relief of Pyonghui Gonion Arrington; to the Committee on the Judiciary.

By Mr. DOMENICI:

S. 947. An original bill to provide for reconciliation pursuant to section 104(a) of the concurrent resolution on the budget for fiscal year 1998; from the Committee on the Budget; placed on the calendar.

By Mr. GRASSLEY (for himself and Mr. BREAUX):

S. 948. A bill to amend the Older Americans Act of 1965 to improve the provisions relating to pension rights demonstration projects; to the Committee on Labor and Human Resources.

By Mr. ROTH:

S. 949. An original bill to provide revenue reconciliation pursuant to section 104(b) of the concurrent resolution on the budget for fiscal year 1998; from the Committee on Finance; placed on the calendar.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. SPECTER (for himself, Mr. SANTORUM, and Ms. MOSELEY-BRAUN):

S. Con. Res. 34. A concurrent resolution recognizing the importance of African-American music to global culture and calling on the people of the United States to study, reflect on, and celebrate African-American music; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER (for himself and Mr. SANTORUM):

S. 943. A bill to amend title 49, United States Code, to clarify the application of the act popularly known as the ''Death on the High Seas Act'' to aviation accidents; to the Committee on Commerce, Science, and Transportation.

DEATH ON THE HIGH SEAS REFORM ACT

Mr. SPECTER. Mr. President, I have sought recognition today to introduce legislation which will provide equitable treatment for families of passengers involved in international aviation disasters. I am very pleased that my colleague, Senator SANTORUM, is joining me as an original cosponsor of this bill. Companion legislation is being introduced in the House of Representatives by Congressman JOE MCDADE and 10 other members of the Pennsylvania congressional delegation.

As my colleagues know, the devastating crash of Trans World Airlines flight 800 on July 17, 1996 took the lives of 230 individuals. Perhaps the community hardest hit by this tragedy was Montoursville, PA, which lost 16 students and 5 adult chaperones from Montoursville High School who were participating in a long-awaited French Club trip to France.

It has been brought to my attention by constituents who include parents of the Montoursville children lost on TWA 800 that their ability to seek redress in court is hampered by a 1920 shipping law known as the Death on the High Seas Act, which was originally intended to cover the widows of seafarers, not the relatives of jumbo-jet passengers embarking on international air travel.

Under the Warsaw Convention of 1929, airlines do not have to pay more than $75,000 to families of passengers who died on an international flight. However, domestic air crashes are covered by U.S. law, which allow for greater damages if negligent conduct is proven in court.

The Warsaw Convention limit on liability can be waived if the passengers' families show that there was intentional misconduct which led to the crash. This is where the Death on the High Seas Act comes into play. This law states that where the death of a person is caused by wrongful act, neglect, or default occurring on the high seas more than 1 marine league which is 3 miles from U.S. shores, a personal representative of a decedent can sue for pecuniary loss sustained by the decedent's wife, child, husband, parent, or dependent relative. The act, however, does not allow families of the victims of TWA 800 or other aviation incidents to obtain other types of damages, such as recovery for loss of society or punitive damages, no matter how great the wrongful act or neglect by an airline or airplane manufacturer.

My legislation would amend Federal law to provide that the Death on the High Seas Act shall not affect any remedy existing at common law or under State law with respect to any injury or death arising out of an aviation incident occurring after January 1, 1995. In effect, it would clarify that Federal aviation law does not limit remedies in the same manner as maritime law, and permits international flights to be governed by the same laws as domestic flights.

My legislation is not about blaming an airline or airplane manufacturer. It is not about multimillion dollar damage awards. It is about ensuring access to justice and clarifying the rights of families of victims of plane crashes such as TWA 800. I am open to exploring with my colleagues the possibility of expanding the retroactive relief provided in this legislation, bearing in mind that many of the plaintiffs in cases arising out of previous airplane disasters, such as the Korean Air Lines 007 incident in 1983, have agreed to out-of-court settlements.

The need for this legislation is suggested by the most recent Supreme Court decision on this issue, *Zicherman* v. *Korean Airlines*, 116 S. Ct. 629 (1996), in which a unanimous Court held that the Death on the High Seas Act of 1920 applies to determine damages in airline accidents that occur more than 3 miles from shore. By contrast, the Court has ruled that State tort law applies to determine damages in accidents that occur in waters 3 miles or less from our shores. *Yamaha* v. *Calhoun*, (1996 WL 5518)

I believe it is inequitable to make such a distinction at the 3 mile limit in civil aviation cases where the underlying statute predates international air travel. I would note that the Gore Commission on Aviation Safety and Security noted in its final report this February that ''certain statutes and international treaties, established over 50 years ago, historically have not provided equitable treatment for families of passengers involved in international aviation disasters. Specifically, the Death on the High Seas Act of 1920 and the Warsaw Convention of 1929, although designed to aid families of victims of maritime and aviation disasters, have inhibited the ability of family members of international aviation disasters from obtaining fair compensation.''

I would further note that in an October 1996 brief filed at the Department of Transportation by the Air Transport Association, the trade association of U.S. airlines, there is an acknowledgment that the Supreme Court in Zicherman did not apparently consider 49 U.S.C. 40120 (a) and (c), which preserve the application of State and common law remedies in tort cases and also prohibit the application of Federal shipping laws to aviation. My legislation amends 49 U.S.C. 40120(c) to clarify that nothing in the Death on the High Seas Act restricts the availability of remedies in suits arising out of aviation disasters.

At a time when so many Americans live, work, and travel abroad, taking part in the global economy or seeing the cultural riches of foreign lands, they and their families should know that the American civil justice system will be accessible to the fullest extent if the unthinkable occurs.

I urge my colleagues to support this legislation and look forward to working with them to ensure its ultimate enactment during the 105th Congress.

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

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

S. 943

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

SECTION 1. DEATH ON THE HIGH SEAS ACT.

Section 40120(c) of title 49, United States Code, is amended to read as follows:

''(c) ADDITIONAL REMEDIES.—

''(1) IN GENERAL.—Nothing in this part or the Act entitled 'An Act relating to the maintenance of actions for death on the high seas and other navigable waters' approved March 30, 1920 (46 U.S.C. App. 761 et seq.), popularly known as the 'Death on the High Seas Act', shall, with respect to any injury or death arising out of any covered aviation incident, affect any remedy—

''(A) under common law; or

''(B) under State law.

''(2) ADDITIONAL REMEDIES.—Any remedy provided for under this part or the Act referred to in paragraph (1) for an injury or death arising out of any covered aviation incident shall be in addition to any of the remedies described in subparagraphs (A) and (B) of paragraph (1).

''(3) COVERED AVIATION INCIDENT DEFINED.—In this subsection, the term 'covered aviation incident' means an aviation disaster occurring on or after January 1, 1995.''.

By Mr. D'AMATO:

S. 944. A bill to require the Secretary of Housing and Urban Development to establish procedures for requesting waivers on behalf of qualified international medical graduates of the 2-year foreign residency requirement; to the Committee on the Judiciary.

THE COMMUNITY HEALTH CARE ACCESS ACT OF 1997

• Mr. D'AMATO. Mr. President, I introduce the Community Health Care Access Act of 1997. This act will help ensure that the residents of our inner-city and rural areas, in New York and across the Nation, will have increased access to affordable health care. This legislation will establish a procedure within the Department of Housing and Urban Development [HUD] for foreign medical students, who are granted temporary residency status in order to complete their medical education, to retain their legal status in exchange for practicing in areas with serious physician shortages.

Mr. President, throughout my home State of New York, there are numerous inner-city and rural communities which face a real crisis in the availability of qualified physicians. Too often, these communities face enormous difficulty attracting physicians to help serve the needs of their residents. Physicians are desperately needed to help cope with the growing incidence of drug-resistant tuberculosis, HIV, and other infectious diseases, as well as other critical health care needs such as pre-natal and neo-natal care.

The act I am introducing today will help address this crisis by requiring the Secretary of the Department of Housing and Urban Development to request a J–1 visa waiver for any qualified medical professional who agrees to practice in an underserved area. This bill will allow hundreds of qualified doctors who are willing and able to serve in these communities to partner with existing health care facilities in order to serve needy populations who lack access to affordable health care.

This legislation will help hospitals which are located in areas which are designated by the Department of Health and Human Services [HHS] as ''Health Professional Shortage Areas'' to draw upon a pool of doctors who are among the best and the brightest in the world. Currently, there is a severe shortage of U.S. medical residents who are willing to serve in these areas. These urban and rural areas often have large uninsured populations with a variety of critical unmet health needs.

In a nation with the greatest health care system in the world, there exist communities which are unfairly denied access to affordable quality health care. This disparity can be seen both in isolated rural areas and in the high-impact urban cores of some of our largest cities. Too often, the members of these communities have been left out of the American dream. It is intolerable that certain parts of many American cities are experiencing higher infant mortality rates than many third-world countries.

The costs of providing health care increase as hospitals struggle to attract qualified physicians. As costs rise, the unmet health care needs of local residents are exacerbated. Thus, the supply shortage of qualified physicians creates a vicious cycle in which local residents are trapped.

My legislation will help break this cycle by increasing the availability of doctors in underserved areas while reducing health care costs.

Let me briefly provide some background information. Under the J–1 visa program, foreign medical students are temporarily admitted to the United States in order to complete their medical education and clinical training. Upon completion of their education, these students are required to leave the United States for a minimum of 2 years before they can become eligible for an extension of their legal residency status. However, current law provides an exception to this 2-year foreign residency requirement if the medical graduate agrees to practice in a designated ''Health Professional Shortage Area.''

Congress reaffirmed its commitment to the J–1 program, as well as to the waiver of the 2-year foreign residency requirement for international medical graduates who agree to practice in underserved areas, when it passed the Illegal Immigration Reform and Immigrant Responsibility Act of 1996—Public Law 104–208. This Act was signed into law on September 30, 1996.

Mr. President, in December 1996, the General Accounting Office [GAO] released a report assessing the J–1 visa waiver program. This report, entitled ''Foreign Physicians: Exchange Visitor Program Becoming Major Route to Practicing in U.S. Underserved Areas'' noted the growing use of the visa waiver process and made several recommendations for improvement.

In conjunction with the reforms enacted last year as part of the Immigration Reform Act, the legislation I introduce today will effectively implement several of the recommendations made by the GAO. As noted in the report, last year's Immigration Reform Act required Federal agencies to utilize the same criteria for approval that previously applied to State health departments seeking such waivers. These new safeguards required physicians to: First, agree to work for at least 3 years for the health facility named in the application; second, work in an area designated by the Secretary of HHS as having a shortage of health care professionals; third, commence work within 90 days of receipt of the waiver; and fourth, maintain a nonimmigrant status until the completion of the 3-year commitment term. In addition, physicians who fail to comply with the terms of their agreements would face a termination of their residency status and a loss of eligibility to apply for legal immigrant status in the future.

This legislation would further improve compliance with the waiver requirements. This act will address the GAO report's finding that Federal agencies need to improve coordination in granting waivers. The act requires HUD to report to HHS on the number and location of physicians requesting waivers. I fully expect the Department of Health and Human Services to utilize this information in its annual designations of physician underserved areas. In addition, the legislation would require the sponsoring hospitals to provide HUD with periodic notices as to the compliance of physicians with the terms of the waiver agreements. Hospitals will also be required to provide HUD with immediate notice of the termination or cessation of compliance with these terms.

The addition of these reforms will ensure the effective continuation of this vital program. The GAO noted that, as of January 1, 1996, there were approximately 1,374 physicians admitted to practice in underserved areas through the J–1 visa waiver program. These physicians served in 49 States and the District of Columbia. According to a survey conducted by the General Accounting Office, approximately 40 percent of these physicians served in nonprofit community or migrant health care centers. Almost all of these physicians were practicing in primary care specialties. More than half were practicing in internal medicine. The other major specialties were pediatrics and family practice.

Mr. President, it is important to note the outstanding caliber and the unique qualifications of the doctors participating in this program. In order to receive a J–1 visa, many of the participants were accepted into medical universities and world-renowned teaching hospitals with rigorous acceptance standards. In some cases, the admitted physicians are often specifically recruited by particular health facilities on the basis of their superior foreign language skills and cultural familiarity. For instance, the GAO cited a migrant health center in eastern Washington which actively recruited native-Spanish speakers for its program.

HUD plays a critical role in the reduction of health care costs. The agency operates a number of programs which benefit hospitals, nursing homes, and other health care organizations. The role played by HUD's hospital insurance program, for instance, is absolutely essential for many health care institutions in obtaining private market financing for hospital construction, renovation, and modernization. The credit enhancement provided by this program results in a tangible reduction in health care costs at little or no cost to the taxpayer.

I believe it is essential for Congress to continue to act expeditiously to address the valid concerns raised by the

GAO. At the same time, we must remain cognizant of the basic soundness of the waiver program and strive to improve and reform it. The waiver process has made basic health care available to many communities with desperate needs.

Mr. President, in conclusion I would emphasize the hardships which face many of our Nation's urban and rural residents as a result of the crisis in health care availability. The J–1 visa waiver program is an important tool to address these needs. The reforms to the current waiver process are also critical to ensuring that any noncompliance within the program is eradicated. I urge my colleagues to support the Community Health Care Access Act of 1997 in order to ensure that the waiver program remains a viable option in addressing our country's local health care needs for years to come.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 944

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Community Health Care Access Act of 1997''.

SEC. 2. PROCEDURES.

(a) ESTABLISHMENT.—Pursuant to section 212(e) and section 214(l) of the Immigration and Nationality Act (8 U.S.C. 1182(e) and 8 U.S.C. 1184(l)), the Secretary shall establish procedures under which an individual may apply to the Secretary to request the Director of the United States Information Agency to recommend a waiver of the foreign residence requirement under section 212(e) of the Immigration and Nationality Act (8 U.S.C. 1182(e)) for that individual.

(b) REQUIREMENTS.—The procedures under subsection (a) shall require the Secretary to issue a request on behalf of an applicant whenever the applicant—

(1) meets the requirements under section 214(l) (8 U.S.C. 1184(l)) of the Immigration and Nationality Act; and

(2) meets such other terms and conditions established by the Secretary, which may include a requirement for the applicant to include as part of the waiver application a written agreement on the part of the health facility or health care organization named in the application to provide the Secretary with—

(A) periodic notification of the applicant's continued employment; and

(B) immediate notification of a failure on the part of the applicant to comply with the terms of the contract between the applicant and the health facility or health care organization.

SEC. 3. HHS REPORTING REQUIREMENT.

At least biannually, the Secretary shall submit a report to the Secretary of Health and Human Services setting forth the number of requests issued under section 2 and identifying the geographic areas in which aliens serve under those requests.

SEC. 4. IMPLEMENTATION.

Not later than 90 days after the date of enactment of this Act, the Secretary shall issue final regulations to implement the provisions of the Act. Such regulations shall be issued only after notice and opportunity for public comment pursuant to the provisions of section 553 of title 5, United States Code, regarding notice or opportunity for comment.

SEC. 5. DEFINITIONS.

In this Act:

(1) APPLICANT.—The term ''applicant'' means an alien as described in clause (iii) of section 212(e) of the Immigration and Nationality Act (8 U.S.C. 1182(e)).

(2) SECRETARY.—The term ''Secretary'' means the Secretary of the Department of Housing and Urban Development.●

By Mr. GRASSLEY (for himself and Mr. BREAUX):

S. 948. A bill to amend the Older Americans Act of 1965 to improve the provisions relating to pension rights demonstration projects; to the Committee on Labor and Human Resources.

THE PENSION ASSISTANCE AND COUNSELING ACT OF 1997

Mr. GRASSLEY. Mr. President, today I am introducing legislation to achieve one of my primary objectives as chairman of the Special Committee on Aging: to help workers and retirees achieve a secure retirement.

As with any discussion about retirement planning, it is the norm to point to the ''three-legged stool'' of retirement—Social Security, personal savings, and a pension. Unfortunately, the legs of the stool may be getting warped.

Just this week, the Aging Committee confronted an issue that is affecting hundreds of thousands of workers and retirees—miscalculation of their hard-earned pensions. This hearing was intended to raise consumer awareness about the need to be proactive about policing your pension. As one of our witnesses said, ''never assume your pension is error-free.''

While it is impossible to know how many pension payments and lump sum distributions may be miscalculated, we know the number is on the rise. An audit conducted by the Pension Benefit Guaranty Corporation—focused on plans that were voluntarily terminated—showed that the number of people underpaid has increased from 2.8 to 8.2 percent. Anecdotal evidence suggests that the number of people receiving lump sum distributions who end up getting shortchanged could be 15 to 20 percent. Those numbers are very disturbing. The practical impact is that retirees, and young and old workers alike, are losing dollars that they have earned.

Workers and retirees need to be aware that they are at risk. They can help themselves by knowing how their benefits are calculated, that they should keep all the documents their employer gives them, and to start asking questions at a young age—don't wait until the eve of retirement.

Unfortunately, policing your pension is not easy. Employers are trying to do a good job but they are confronted with one of the most complex regulatory schemes in the Federal Government. Pensions operate in a complex universe of laws, rules, and regulations. Over the last 20 years, 16 laws have been enacted that require employers to amend their pension plans and then notify their workers of changes. It is not a simple task. If employers have problems trying to comply with Federal requirements, it is understandable that workers and retirees are having trouble getting a grasp on how their pension works.

Trying to educate yourself about pensions implies that someone is out there providing information to those who need it. That is where the legislation that I am introducing today comes in. People who are concerned about their pensions—whether it's an unintentional mistake or outright fraud—often don't have anywhere to go for expert advice.

Fortunately, there is an answer. Already authorized by the Older Americans Act, seven pension counseling projects have assisted thousands of people around this country with their pension problems. These projects provide information and counseling to retirees, and young and old workers in a very cost-effective manner.

Each project received $75,000 of Federal assistance over a 17-month period. As is normal for other programs under the Older Americans Act, these dollars were supplemented by money raised from private sources. During their operation, the projects recovered nearly $2 million in pension benefits and payments. That is a return of $4 for every $1 spent.

My legislation contains two key provisions: First, it updates the Older Americans Act to encourage the creation of more pension counseling projects. Seven projects are not enough to reach the 80 million people who are covered by pensions in this country. Hopefully, more counseling projects can be established to provide more regionally comprehensive assistance.

Second, the legislation would create an 800 number that people could call for one-stop advice on where to get assistance. Jurisdiction over pension issues is spread across three government agencies—none of which are focused on helping individuals with individual problems—especially if the problem does not seem to be a clear fiduciary breach or indicate that there may be criminal wrongdoing. An 800 number linking people to assistance will help close that gap.

I look forward to working with the Labor Subcommittee on Aging, the entity with jurisdiction over the Older Americans Act—to get these changes enacted as part of the reauthorization this year.

It is also crucial to emphasize the need for pension counseling projects with congressional appropriators. The projects have not received earmarked funding since the end of fiscal year 1996 and we simply cannot afford to lose the expertise that has been developed over the last 3½ years—especially in light of the growing concern over pension security.

My committee has been focusing on preparing for the retirement of the baby boom generation—it can be anticipated that the need for assistance with pensions will increase as that generation begins to retire. Social Security, by itself, was never intended to be the primary source of income for a retiree. A pension from an employer can prove to be a determining factor in whether retirees are able to maintain a decent standard of living. If there is no one to go for assistance to get all of the pension they have earned, their chances at a secure retirement are gloomy indeed.

ADDITIONAL COSPONSORS

S. 22

At the request of Mr. MOYNIHAN, the names of the Senator from South Carolina [Mr. HOLLINGS], the Senator from North Dakota [Mr. DORGAN], and the Senator from Connecticut [Mr. LIEBERMAN] were added as cosponsors of S. 22, a bill to establish a bipartisan national commission to address the year 2000 computer problem.

S. 537

At the request of Ms. MIKULSKI, the name of the Senator from South Dakota [Mr. JOHNSON] was added as a cosponsor of S. 537, a bill to amend title III of the Public Health Service Act to revise and extend the mammography quality standards program.

S. 570

At the request of Mr. NICKLES, the name of the Senator from Indiana [Mr. LUGAR] was added as a cosponsor of S. 570, a bill to amend the Internal Revenue Code of 1986 to exempt certain small businesses from the mandatory electronic fund transfer system.

S. 738

At the request of Mrs. HUTCHISON, the name of the Senator from Ohio [Mr. DEWINE] was added as a cosponsor of S. 738, a bill to reform the statutes relating to Amtrak, to authorize appropriations for Amtrak, and for other purposes.

S. 770

At the request of Mr. NICKLES, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 770, a bill to encourage production of oil and gas within the United States by providing tax incentives, and for other purposes.

S. 832

At the request of Mr. KOHL, the name of the Senator from Arkansas [Mr. HUTCHINSON] was added as a cosponsor of S. 832, a bill to amend the Internal Revenue Code of 1986 to increase the deductibility of business meal expenses for individuals who are subject to Federal limitations on hours of service.

S. 861

At the request of Mr. INHOFE, the name of the Senator from Idaho [Mr. KEMPTHORNE] was added as a cosponsor of S. 861, a bill to amend the Federal Property and Administrative Services Act of 1949 to authorize donation of Federal law enforcement canines that are no longer needed for official purposes to individuals with experience handling canines in the performance of law enforcement duties.

SENATE RESOLUTION 85

At the request of Mr. GREGG, the names of the Senator from Oregon [Mr. SMITH] and the Senator from Alaska [Mr. STEVENS] were added as cosponsors of Senate Resolution 85, a resolution expressing the sense of the Senate that individuals affected by breast cancer should not be alone in their fight against the disease.

AMENDMENT NO. 420

At the request of Mr. COCHRAN the name of the Senator from Indiana [Mr. LUGAR] was added as a cosponsor of amendment No. 420 proposed to S. 936, an original bill to authorize appropriations for fiscal year 1998 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.

At the request of Mr. THURMOND his name was added as a cosponsor of amendment No. 420 proposed to S. 936, supra.

SENATE CONCURRENT RESOLUTION 34—RECOGNIZING THE IMPORTANCE OF AFRICAN-AMERICAN MUSIC

Mr. SPECTER (for himself, Mr. SANTORUM, and Ms. MOSELEY-BRAUN) submitted the following concurrent resolution; which was referred to the Committee on the Judiciary.

S. CON. RES. 34

Whereas artists, songwriters, producers, engineers, educators, executives, and other professionals in the music industry provide inspiration and leadership through their creation of music, dissemination of educational information, and financial contributions to charitable and community-based organizations;

Whereas African-American music is indigenous to the United States and originates from African genres of music;

Whereas African-American genres of music such as gospel, blues, jazz, rhythm and blues, rap, and hip-hop have their roots in the African-American experience;

Whereas African-American music has a pervasive influence on dance, fashion, language, art, literature, cinema, media, advertisements, and other aspects of culture;

Whereas the prominence of African-American music in the 20th century has reawakened interest in the legacy and heritage of the art form of African-American music;

Whereas African-American music embodies the strong presence of, and significant contributions made by, African-Americans in the music industry and society as a whole;

Whereas the multibillion dollar African-American music industry contributes greatly to the domestic and worldwide economy; and

Whereas African-American music has a positive impact on and broad appeal to diverse groups, both nationally and internationally: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) recognizes the importance of the contributions of African-American music to global culture and the positive impact of African-American music on global commerce; and

(2) calls on the people of the United States to take the opportunity to study, reflect on, and celebrate the majesty, vitality, and importance of African-American music.

Mr. SPECTER. Mr. President, this resolution, being cosponsored by my distinguished colleague from Pennsylvania, Senator SANTORUM, and our distinguished colleague from Illinois, Senator MOSELEY-BRAUN, is a resolution to recognize the importance of African-American music to global culture and to our Nation.

This is especially important because this month of June is celebrated as Black Music Month, and the designation is particularly important to the city of Philadelphia, which is the home of the International Association of African-American Music.

At the conclusion of the Civil War, military band instruments were abundant and could be purchased for petty cash or labor. It was during this time that the first age of African-American music, Ragtime, was born, and when Eubie Blake composed his famous ''Charleston Rag.'' Jazz artists flourished later, including W.C. Handy, Duke Ellington, and Count Basie. Dozens of African-American female singers contributed their talents as well—among them Bessie Smith, followed by Ella Fitzgerald.

Today, African-American music's universal popularity and appeal is evidenced through the appreciation of other cultures. Non-African-American musical artists, such as Elvis Presley, the Beatles, and Bonnie Raitt, have cited African-American artists as inspiration for their own music. Globally, African-American music is appreciated for its impact on language, dance, art, and media, as well as social and cultural values.

Its impact on our Nation's economy is just as great. The African-American music industry supports and creates countless jobs worldwide, from publishing companies to concert and club venues to advertisers. The Recording Industry Association of America reports that, in 1995, combined sales of what it terms ''urban music''—including soul, dance, funk, and reggae—amounted to $1.4 billion. Furthermore, if jazz, gospel, and rap are combined—all genres in which there are significant African-American contributions—the total rises to nearly $3 billion.

The work of Philadelphia's International Association of African-American Music helps to share the virtues of African-American music with people around the world. This resolution recognizes the work of those who help foster understanding of African-American culture through music, including the generations of African-American musicians whose talents have enriched America.

It is my hope that the Senate will adopt this resolution. A companion resolution has been introduced in the

House by Congressman CHAKA FATTAH and it has bipartisan support from 58 House Members. In conclusion, I urge my Senate colleagues to join me in supporting this important recognition of African-American music.

AMENDMENTS SUBMITTED

THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

GRAMS AMENDMENT NO. 422

Mr. GRAMS proposed an amendment to amendment No. 420 proposed by Mr. COCHRAN to the bill (S. 936) to authorize appropriations for fiscal year 1998 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:

In lieu of the matter proposed to be inserted, insert the following:

SEC. . GAO STUDY ON CERTAIN COMPUTERS.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the national security risks relating to the sale of computers with composite theoretical performance of between 2,000 and 7,000 million theoretical operations per second to end-users in Tier 3 countries. The study shall also analyze any foreign availability of computers described in the preceding sentence and the impact of such sales on United States exporters.

(b) PUBLICATION OF END-USER LIST.—The Secretary of Commerce shall publish in the Federal Register a list of military and nuclear end-users of the computers described in subsection (a), except any end-user with respect to whom there is an administrative finding that such publication would jeopardize the user's sources and methods.

(c) END-USER ASSISTANCE TO EXPORTERS.—The Secretary of Commerce shall establish a procedure by which exporters may seek information on questionable end-users.

(d) DEFINITION OF TIER 3 COUNTRY.—For purposes of this section, the term ''Tier 3 country'' has the meaning given such term in section 740.7 of title 15, Code of Federal Regulations.

INHOFE (AND OTHERS) AMENDMENT NO. 423

Mr. COVERDELL (for Mr. INHOFE, for himself, Mr. COVERDELL, Mr. CLELAND, and Mr. BENNETT) proposed an amendment to the bill, S. 936, supra; as follows:

At the end of subtitle B of title III, add the following:

SEC. . DEFINITION OF DEPOT-LEVEL MAINTENANCE AND REPAIR.

(a) DEPOT-LEVEL MAINTENANCE AND REPAIR DEFINED.—Chapter 146 of title 10, United States Code, is amended by inserting before section 2461 the following new section:

''§ 2460. Definition of depot-level maintenance and repair

''(a) IN GENERAL.—In this chapter, the term 'depot-level maintenance and repair' means materiel maintenance or repair requiring the overhaul or rebuilding of parts, assemblies, or subassemblies, and the testing and reclamation of equipment as necessary, regardless of the source of funds for the maintenance or repair. The term includes all aspects of software maintenance and such portions of interim contractor support, contractor logistics support, or any similar contractor support for the performance of services that are described in the preceding sentence.

''(b) EXCEPTION.—The term does not include the following:

''(1) Ship modernization activities that were not considered to be depot-level maintenance and repair activities under regulations of the Department of Defense in effect on March 30, 1997.

''(2) A procurement of a modification or upgrade of a major weapon system.''

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting before the item relating to section 2461 the following new item:

''2460. Definition of depot-level maintenance and repair.''.

SEC. . RESTRICTIONS ON CONTRACTS FOR PERFORMANCE OF DEPOT-LEVEL MAINTENANCE AND REPAIR AT CERTAIN FACILITIES.

Section 2469 of title 10, United States Code, is amended—

(1) in subsections (a) and (b), by striking out ''or repair'' and inserting in lieu thereof ''and repair''; and

(2) by adding at the end the following new subsection:

''(d) RESTRICTION ON CONTRACTS AT CERTAIN FACILITIES.—

''(1) RESTRICTION.—The Secretary of Defense may not enter into any contract for the performance of depot-level maintenance and repair of weapon systems or other military equipment of the Department of Defense, or for the performance of management functions related to depot-level maintenance and repair of such systems or equipment, at any military installation of the Air Force where a depot-level maintenance and repair facility was approved in 1995 for closure or realignment under the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note). In the preceding sentence, the term 'military installation of the Air Force' includes a former military installation closed or realigned under the Act that was a military installation of the Air Force when it was approved for closure or realignment under the Act.

''(2) EXCEPTION.—Paragraph (1) shall not apply with respect to an installation or former installation described in such paragraph if the Secretary of Defense certifies to Congress, not later than 45 days before entering into a contract for performance of depot-level maintenance and repair at the installation or former installation, that—

''(A) not less than 75 percent of the capacity at each of the depot-level maintenance and repair activities of the Air Force is being utilized on an ongoing basis to perform industrial operations in support of the depot-level maintenance and repair of weapon systems and other military equipment of the Department of Defense;

''(B) the Secretary has determined, on the basis of a detailed analysis (which the Secretary shall submit to Congress with the certification), that the total amount of the costs of the proposed contract to the Government, both recurring and nonrecurring and including any costs associated with planning for and executing the proposed contract, would be less than the costs that would otherwise be incurred if the depot-level maintenance and repair to be performed under the contract were performed using equipment and facilities of the Department of Defense;

''(C) all of the information upon which the Secretary determined that the total costs to the Government would be less under the contract is available for examination; and

''(D) none of the depot-level maintenance and repair to be performed under the contract was considered, before July 1, 1995, to be a core logistics capability of the Air Force pursuant to section 2464 of this title.

''(3) CAPACITY OF DEPOT-LEVEL ACTIVITIES.—For purposes of paragraph (2)(A), the capacity of depot-level maintenance and repair activities shall be considered to be the same as the maximum potential capacity identified by the Defense Base Closure and Realignment Commission for purposes of the selection in 1995 of military installations for closure or realignment under the Defense Base Closure and Realignment Act of 1990, without regard to any limitation on the maximum number of Federal employees (expressed as full time equivalent employees or otherwise) in effect after 1995, Federal employment levels after 1995, or the actual availability of equipment to support depot-level maintenance and repair after 1995.

''(4) GAO REVIEW.—At the same time that the Secretary submits the certification and analysis to Congress under paragraph (2), the Secretary shall submit a copy of the certification and analysis to the Comptroller General. The Comptroller General shall review the analysis and the information referred to in subparagraph (C) of paragraph (2) and, not later than 30 days after Congress receives the certification, submit to Congress a report containing a statement regarding whether the Comptroller General concurs with the determination of the Secretary included in the certification pursuant to subparagraph (B) of that paragraph.

''(5) APPLICATION.—This subsection shall apply with respect to any contract described in paragraph (1) that is entered into, or proposed to be entered into, after January 1, 1997.''.

SEC. . CORE LOGISTICS FUNCTIONS OF DEPARTMENT OF DEFENSE.

Section 2464(a) of title 10, United States Code, is amended—

(1) in paragraph (1), by striking out ''a logistics capability (including personnel, equipment, and facilities)'' and inserting in lieu thereof ''a core logistics capability that is Government-owned and Government-operated (including Federal Government personnel and Government-owned and Government-operated equipment and facilities)'';

(2) in paragraph (2)—

(A) by inserting ''core'' before ''logistics''; and

(B) by adding at the end the following: ''Each year, the Secretary of Defense shall submit to Congress a report describing each logistics capability that the Secretary identifies as a core logistics capability.''; and

(3) by adding at the end the following new paragraphs:

''(3) Those core logistics activities identified under paragraphs (1) and (2) shall include the capability, facilities, and equipment to maintain and repair the types of weapon systems and other military equipment (except systems and equipment under special access programs and aircraft carriers) that are identified by the Secretary, in consultation with the Joint Chiefs of Staff, as necessary to enable the armed forces to fulfill the contingency plans prepared under the responsibility of the Chairman of the Joint Chiefs of Staff set forth in section 153(a)(3) of this title.

''(4) The Secretary of Defense shall require the performance of core logistics functions identified under paragraphs (1), (2), and (3) at Government-owned, Government-operated

facilities of the Department of Defense (including Government-owned, Government-operated facilities of a military department) and shall assign such facilities the minimum workloads necessary to ensure cost efficiency and technical proficiency in peacetime while preserving the surge capacity and reconstitution capabilities necessary to support fully the contingency plans referred to in paragraph (3).''.

GORTON (AND MURRAY) AMENDMENT NO. 424

(Ordered to lie on the table.)

Mr. GORTON (for himself and Mrs. MURRAY) submitted an amendment intended to be proposed by them to the bill, S. 936, supra; as follows:

At the end of subtitle B of title X, add the following:

SEC. 1014. SELECTION PROCESS FOR DONATION OF THE USS MISSOURI.

(a) FINDINGS.—Congress makes the following findings:

(1) The USS Missouri is a ship of historical significance that commands considerable public interest.

(2) The Navy has undertaken to donate the USS Missouri to a recipient that would memorialize the ship's historical significance appropriately and has selected a recipient pursuant to that undertaking.

(3) More than one year after the applicants for selection began working on their proposals in accordance with requirements previously specified by the Navy, the Navy imposed two additional requirements and afforded the applicants only two weeks to respond to the new requirements, requirement never previously used in any previous donations process.

(4) Despite the inadequacy of the opportunity afforded applicants to comply with the two new requirement, and without informing the applicants of the intention to do so, the Navy officials gave three times as much weight to the new requirements than they did to their own original requirements in evaluating the applicants.

(5) Moreover, Navy officials revised the evaluation subcriteria for the ''public benefits'' requirements after all applications had been submitted and reviewed, thereby never giving applicants an opportunity to address their applications to the revised subcriteria.

(6) The General Accounting Office criticized the revised process for inadequate notice and causing all applications to include inadequate information.

(7) In spite of the GAO criteria, the Navy has refused to reopen its donation process for the Missouri.

(b) NEW DONEE SELECTION PROCESS.—(1) The Secretary of the Navy shall—

(A) set aside the selection of a recipient for donation of the USS Missouri;

(B) initiate a new opportunity for application and selection of a recipient for donation of the USS Missouri that opens not later than 30 days after the date of the enactment of this Act; and

(C) in the new application and selection effort—

(i) disregard all applications received, and evaluations made of those applications, before the new opportunity is opened;

(ii) permit any interested party to apply for selection as the donee of the USS Missouri; and

(iii) ensure that all requirements, criteria, and evaluation methods, including the relative importance of each requirement and criterion, are clearly communicated to each applicant.

(2) After the date on which the new opportunity for application and selection for donation of the USS Missouri is opened, the Navy may not add to or revise the requirements and evaluation criteria that are applicable in the selection process on that date.

NOTICE OF HEARING

COMMITTEE ON SMALL BUSINESS

Mr. BOND. Mr. President, I wish to announce that the Committee on Small Business will hold a markup on the HUBZone Act of 1997 and the Small Business Reauthorization Act of 1997. The markup will be held on June 26, 1997, beginning at 9:30 a.m. in room 428A of the Russell Senate Office Building.

For further information, please contact Paul Cooksey at 224–5175.

AUTHORITY FOR COMMITTEE TO MEET

SUBCOMMITTEE ON YOUTH VIOLENCE

Mr. COVERDELL. Mr. President, I ask unanimous consent that the Subcommittee on Youth Violence, of the Senate Committee on the Judiciary be authorized to meet during the session of the Senate on Friday, June 20, 1997, at 9 a.m. to hold a hearing at the St. Louis Fire Department Headquarters, 1421 N. Jefferson, St. Louis, MO, on: ''Combating Youth Violence: Tracking Violent Juveniles and Targeting Adults Who Use Them.''

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

ADDITIONAL STATEMENTS

AMERICA'S RELATIONS WITH VIETNAM

● Mr. COCHRAN. Mr. President, it was my pleasure last week to welcome back to Washington, His Excellency, Desaix Anderson, who has returned from Vietnam where he served for almost 2 years as our Government's Chargé d'affaires in Hanoi.

He worked very effectively to help establish a new relationship between our two countries and in the process created a bond of friendship and mutual trust that will serve us well as we build on that well-laid foundation.

He is now writing a book on the United States-Vietnam relationship and because of his experience and intelligence, I'm sure it will be an important contribution to our understanding of this unique subject.

Before he left he discussed his impressions of the current situation and recent events at a meeting of the United States-Vietnam Trade Council on April 7. It gives such an encouraging assessment of the possibilities for the future in that country Senators should take note of it.

I ask that a copy of Mr. Anderson's remarks be printed in the RECORD.

The remarks follow:

AMERICA'S RELATIONS WITH VIETNAM—ACCOMPLISHMENTS, CHALLENGES, AND POTENTIAL

(Remarks of Desaix Anderson)

In the year and half since normalization, Vietnamese and Americans, working together, have laid the foundations for a totally different relationship between our two countries. While cognizant of our tortuous history of the past fifty years, our leaders agreed in 1995 to look to the future, to build on common goals seeking peace, stability, and prosperity in our nations and in the East Asia Pacific region. We realized that building trust and mutual confidence was the most important requirement to construct this new relationship.

On that basis we began to pick up the links of personal and non-governmental contacts which emerged and survived over the years, despite the estrangement between our governments, and to call on the goodwill which we have found to be widely flourishing in both countries, and to begin to construct the foundation for a friendly, contemporary relationship. To enjoy a normal relationship, that foundation has to be composed of hundreds of thousands of expanding networks not just between governments but between our peoples, as well.

So, I salute the US-Vietnam Trade Council, Virginia Foote, the NGO's, the Vietnam vets, the Vietnam Veterans Association, hundreds of American businessmen and women, the media, itinerant English teachers, universities, tour groups, the Vietnam-America Friendship Association, individual Americans, as well as the Government officials and leaders who have played their roles in initiating this new relationship.

ACCOMPLISHMENTS

All we have sought to do and accomplished fits nicely under the rubric former National Security Advisor Anthony Lake brought to Vietnam last July, in saying, ''America's vision of Vietnam is of a strong and prosperous country, well integrated into regional and global institutions.''

Hear the breadth of what has been going on.

We are cooperating diligently with the Vietnamese to account for missing Americans—our top priority—even as we work to find ways to strengthen further bilateral and unilateral efforts to reach successful conclusions.

We adopted for cooperation two important Vietnamese goals—strengthening health and education. The Centers for Disease Control, the National Institutes of Health, with strong support from HHS Secretary Donna Shalala, are spearheading efforts contributing to Vietnam's health system. A CDC doctor will soon join the embassy staff to work full time on public and private health cooperation between our countries. The embassy, through some 30 Fulbright scholarships and 25 international visitor grants annually and the contribution of an American studies collection to Hanoi University, is strengthening bilateral educational ties. In addition, thirty or so American universities are working with Vietnamese counterparts to upgrade Vietnam's education system.

Our Agriculture ministries are cooperating closely to exchange information, develop policy alternatives, and promote exchanges such as the 18 upcoming Cochran fellowships for young Vietnamese to study in professional fields in the US.

FAA is working with the CAAV to upgrade security and safety at Vietnam's airports, looking to the day, soon we hope, to have daily flights between American and Vietnamese cities. A creative Vietnamese approach can facilitate this important goal.

Representatives from the Departments of State and Commerce, the Federal Communications Commission and the U.S. Trade

Representative have initiated exchanges with DGPT/VVPT on the Telecom regulatory environment.

DEA, Customs, and State are all at work with Vietnamese counterparts in common purpose to stem illicit narcotics use and flow. The Secret Service is cooperating with Vietnamese authorities to stem crimes such as counterfeiting and credit card fraud.

USAID is helping to supply prosthetic devices and assist displaced children.

We have burgeoning cooperation in science, technology, energy, and the environment, involving some nine US Government agencies.

Military-to-military relations now consist of discussions of regional security perceptions and the exchange of visits.

Hundreds of thousands of Vietnamese have resettled in the US under the Orderly Departure Program or ''ODP'', and in January, we reached agreement on an arrangement called ROVR, under which certain Vietnamese returnees from SE Asian camps can be interviewed under ODP for possible resettlement in the US.

We are working at common purposes in multilateral fora—such as in the ASEAN regional forum to build confidence and promote peaceful resolution of disputes in the region. We also manage to discuss candidly and quietly some of the most sensitive issues of concern on each side.

Over 400 American companies last year promoted over one billion dollars in US-Vietnam trade in goods and services. US investment topped US 1.2 billion. By their association and employment by US companies, thousands of eager young Vietnamese are learning the way we think and do business in a market economy.

Finally, a Secretary Rubin and Finance Minister Hung this morning signed a significant debt agreement, overcoming this major obstacle to advancing our economic relations.

THE CHALLENGES

These developments should not be seen as fragile, but challenges to developing the kind of friendly, constructive relationship we envisage between Vietnam and the United States remain clear and formidable. We must overcome residual wariness, animosities and distrust in both countries. Vietnamese must trust that we have come with good will, have no ulterior motives or conspiracies to subvert or overthrow their system, and recognize that American economic activities support their own ''DOI MOI'' or renovation policy. Americans must recognize the extraordinary efforts Vietnam is making to help us in accounting for the missing from the war; continuing suspicion is misplaced. We must all put the past to rest and concentrate on the challenges and opportunities of the present and future.

I have noticed and welcomed the greater openness and diversity of Vietnam's society today than when I arrived. There is a commitment to developing the rule of law. The National Assembly and locally elected Peoples' Councils gradually are gaining stature as deliberative, representative bodies. I have observed more candid public and private debate on the burning issues of the day, and expansion of the amount and kinds of information available domestically and from abroad. There is a vibrant artistic scene, and the government has arrived at a formula for access to internet, albeit controlled. Private citizens are allowed to worship in their faith, have more latitude to make their own choices, and are travelling abroad for business and pleasure in increasing numbers. The result is a society taking on increasing complexity and verve.

Continuing and expanding these trends will help Vietnam's long term stability, economic health and growth, and its ability to take full advantage of the genius of its people.

We can contribute positively to that process. Vietnam's dramatic change from a centrally controlled economy to rule of law and a market economy is still a work in progress. Vietnam's society will ultimately be shaped by economic growth, education, access to information including through a free press, extended interaction with the rest of the world, and, most importantly, its own culture and history.

To this end, we must get to know each other and be candid about our perceptions one of the other, always in a spirit of mutual respect and tolerance. Honest words may not always be so welcome, but it is important for each to understand what the other is about, what its values are, what its principles are, what it stands for; while tolerating valid differences in approach.

Finally, we are challenged to work in partnership to conclude economic normalization (a comprehensive trade agreement; MFN, EXIM, OPIC, and TDA) and a civil aviation agreement so that our societies can enjoy the kind of extensive links of which two such culturally rich societies are capable.

For us to realize the full potential of our relationship, Vietnam is challenged to move briskly to fulfill its self-announced policy goal of establishing a market economy; to this end, I would suggest the following:

(1) Rapid reform of the State-owned enterprise system, which currently sustains inefficient, uncompetitive enterprises, often oriented to import-substitution, and which diverts both domestic and foreign investment from potentially more productive uses. Effective equitization of State-owned enterprises would create the basis for a stock market, the necessary mechanism for realizing Vietnam's potential to mobilize its own domestic savings and absorb the considerable amount of portfolio investment available from abroad.

(2) Create a genuinely level domestic playing field for Vietnam's multisector economy, including equal encouragement of the private sector in which most new employment and growth has occurred.

(3) Open the trading and investment systems to require Vietnam's economy to learn competitiveness, perhaps the hard way, but looking to the long term, to avoid falling further behind its neighbors and putting at risk continued foreign investment.

(4) Accelerate opening of the agricultural sector to foreign investment, and liberalize the rice export market. Eliminating the state sector middlemen and their rents would raise income to the farmers from rice perhaps by 20 percent, and help curb the huge 30 percent losses to pests, rodents, spoilage and poor transportation which occur now because of the current export system. In one stroke such changes would raise rural incomes for the eighty percent of all Vietnamese who live in rural areas, reduce the rural-urban gap, and curb the dislocations resulting from urban migration.

(5) Accelerate reform of the financial system—including making available equity credit and credit for export financing.

(6) Finally, make the environment for foreign business more hospitable, transparent, and objective with clear avenues for dispute resolution.

THE POTENTIAL

Marking clearly Vietnam's intentions in these directions would accelerate conclusion of the US-Vietnam Trade Agreement and, through, MFN, provide Vietnam access to the huge US market for Vietnamese goods and trade—a prerequisite for getting on the fast track to ''tiger status''—and pave the way for another of Vietnam's avowed policy goals, accelerated entry into WTO. The complementarity of the US and Vietnamese Economies would ensure rapid growth of bilateral trade and investment, benefitting both sides; the US would certainly become one of the major investors in Vietnam's economic and human resource development.

We can anticipate increasing consonnance in our strategic views of Vietnam integrates into ASEAN. There are generally no major disagreements in our respective national interests. The basis for cooperative efforts to seek peaceful solutions to transnational and other problems in the region already exists.

1.5 million Vietnamese-Americans ensure growing human contacts between our two countries. The opportunities for rich cultural, educational, scientific and technological exchange between our dynamic societies will inexorably be enhanced.

Finally, the spirits of our two countries can overcome the anguish of the past and we can enjoy the friendly, constructive relationship which our two peoples deserve.

I invite you all to share in such a vision. With the good will and commitment by people such as yourselves, a strong partnership between Vietnam and the United States is not just possible. It becomes probable.

Thank you.●

BUDGET RECONCILIATION LEGISLATION

● Mrs. MURRAY. Mr. President, today the Budget Committee is scheduled to report out the budget reconciliation spending bill. Unfortunately, I was unable to be present for the final vote, but had I been here I would have voted ''aye.''

Several months ago I made a commitment to the graduating class at North Seattle Community College that I would be honored to be their 1997 commencement speaker. This commitment was extremely important to me and the graduating class, I simply could not back out at the last minute. Today's Budget Committee mark up was not finalized until last night.

I am extremely troubled by some of the provisions within the reconciliation package as I believe that they violate the bipartisan balanced budget agreement that was recently adopted. I am also disappointed that the committee will not have final legislative language and final CBO numbers on parts of the Finance Committee sections. It is difficult to understand why the leadership is in such a rush to complete action on major changes to Medicare and Medicaid. This rush to bring this bill to the floor does jeopardize our efforts to enact a balanced budget.

As we all know the Budget Committee cannot amend the reconciliation legislation. This will be done on the floor next week. At that time I will be supporting amendments that ensure this package is in compliance with the agreement and that it does not violate our commitment to our Nation's senior citizens and our children. We must seize on this unique opportunity to balance the budget, reform Medicare and expand health benefits for children. Unfortunately, as it stands now it does not appear that the current reconciliation language will achieve these goals.

Today's action by the Budget Committee is an important step in the process which is why I would have voted to report the measure to the full Senate. This does not mean that the package is one I will support when it reaches the floor. I am simply acting to move us closer to achieving a balanced budget.

I am disappointed that this legislation does violate the agreement that we worked so hard to achieve. But, I am hopeful that significant improvements will be made on the floor and that we can sent to the President a bill that he can sign.●

COPYRIGHT TERM EXTENSION ACT OF 1997

● Mr. ABRAHAM. Mr. President, today, I rise to express my support for the Copyright Term Extension Act of 1997. This legislation enjoyed unanimous support from members of the Judiciary Committee and I am hopeful the full Senate will share our views.

In the area of copyrights, patents, and other sources of intellectual property, our Nation is now at a tremendous competitive disadvantage in the global marketplace. Despite the fact the United States is the worldwide leader in intellectual property production, American authors, musicians, filmmakers, and other creative artists will not get their fair share of royalties due to them. Simply stated, U.S. copyright law protects the life of the author plus 50 years. In the European Union [EU], however, copyright terms cover life plus 70 years. Here lies the problem.

Four years ago the European Union issued a directive mandating member countries to implement a copyright term of protection equal to the life of the author plus 70 years by July 1, 1995. Currently eight countries in the EU have complied with this policy and many others are following suit.

With the advent of the Internet, digital communications, increased satellite technology, and other communications devices, the longevity of creative works has dramatically increased. Now anyone in the world can access and use an American work with merely a click of a finger. Because of these high-technology machines, the United States continues to see dramatic rises in illegal duplication cases and millions of dollars lost.

The Copyright Term Extension Act will reverse this disturbing trend by putting Americans at an equal footing with the rest of the world. This important legislation gives U.S. copyright owners parity with the European Union by adopting a life plus 70 year term. I strongly feel this act will help balance the inadequacies that currently exist between the United States and the European Union.●

AMENDING SECTION 2118 OF THE ENERGY POLICY ACT OF 1992

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 82, H.R. 363.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 363) to amend section 2118 of the Energy Policy Act of 1992 to extend the electric and magnetic fields research and public information dissemination program.

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. MURKOWSKI. I ask unanimous consent that the bill be deemed read the third time, passed, and the motion to reconsider be laid upon the table, and any statements relating to the bill appear at this point in the RECORD.

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

The bill (H.R. 363) was deemed read the third time, and passed.

AUTHORITY FOR FINANCE COMMITTEE TO REPORT

Mr. MURKOWSKI. I ask unanimous consent that the RECORD remain open until the hour of 12 o'clock midnight tonight for the Finance Committee to file an original bill and written report.

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

Mr. MURKOWSKI. I believe we are waiting for clearance from the minority, so I am sure in a moment or two we can conclude the session of the Senate today, and I will proceed to act as acting leader in concluding the closing requests.

ORDERS FOR MONDAY, JUNE 23, 1997

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10 a.m. on Monday, June 23d. Further, I ask unanimous consent that on Monday, immediately following the prayer, the routine requests for the morning hour be granted and the Senate then be in a period of morning business until 12 noon, with Senators permitted to speak up to 5 minutes with the following exceptions: Senator DASCHLE, or his designee, 60 minutes, from the hour of 10 to 11 o'clock; Senator THOMAS, or his designee, 60 minutes, from the hour of 11 to 12 o'clock.

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

Mr. MURKOWSKI. I further ask unanimous consent that at the hour of 12 noon, the Senate proceed to consideration of S. 947, the budget reconciliation bill.

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

PROGRAM

Mr. MURKOWSKI. For the information of all Senators, Monday the Senate will be in a period of morning business until the hour of 12 noon. By previous consent, at 12 o'clock the Senate will begin consideration of S. 947, the budget reconciliation bill. As previously announced, all votes ordered with respect to that bill on Monday will be stacked to occur on Tuesday, June 24, at 9:30 a.m. Therefore, rollcall votes will occur beginning at 9:30 a.m. on Tuesday or very close thereafter, as the majority leader announced Thursday evening.

There is a lot of work to be done prior to the Senate adjourning for the Fourth of July recess. Therefore, Senators' cooperation in scheduling of floor action would be appreciated.

ADJOURNMENT UNTIL 10 A.M., MONDAY, JUNE 23, 1997

Mr. MURKOWSKI. If there is no further business to come before the Senate, I now ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 3:32 p.m., adjourned until Monday, June 23, 1997, at 10 a.m.