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Senate

The Senate met at 12 noon, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

Gracious Father, thank You for the stirrings in our minds and the longings in our hearts that are sure evidence that You are calling us into prayer. Long before we call, You answer by creating the desire to renew our relationship with You. You allow that feeling of emptiness in the pit of our being to alert us to our hunger for fellowship with You. Our thirst for Your truth, our quest for Your solutions to our Nation's needs, and our yearning for Your answers to our problems are all assurances that before we articulated our prayers, You were preparing the answers. It is a magnificent, liberating thought that all through this day when we cry out for Your help, it is You who have given us the courage to give up our dogged self-reliance and start drawing on the supernatural strength and superabundant wisdom You have been waiting for us to ask for so You could bless us. Thank You for a day filled with serendipities of your interventions. I pray this in the name of Jesus who taught us how to trust You completely. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader is recognized.

SCHEDULE

Mr. COCHRAN. Mr. President, for the information of Senators, the Senate will be in session for a period of morning business today until the hour of 4 p.m. The time will be divided equally between both sides, with 2 hours for the Republican side and 2 hours under the control of the Democrats. There will be no rollcall votes during today's session. The Senate may consider any legislative items that can be cleared for action by unanimous consent.

All Senators should be reminded that the continuing resolution expires on Friday. It is expected, therefore, that the Senate will consider a new continuing resolution when one becomes available from the House. The Senate may also consider the Department of Defense authorization conference report as well as the START II Treaty.

Senators should be on notice that based on preliminary responses from both sides of the aisle, it appears at this time that rollcall votes will occur during Friday's session of the Senate. However, we do not expect them to occur prior to the hour of 2 p.m. on Friday.

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 4 p.m., equally divided between the majority and minority.

The able Senator from Maine is recognized.

(The remarks of Mr. COHEN pertaining to the introduction of S. 1525 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. COHEN. I thank the Chair. I yield the floor and suggest the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

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

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

THE 104TH CONGRESS

Mr. FAIRCLOTH. Mr. President, when I was elected to the Senate in 1992, I was one of five Republican Senators elected that year. But, I was the only Senator who defeated a Democratic incumbent in the November election, in what many would consider a year dominated by Democrats.

I was a new conservative voice, in a town where the Presidency and both Houses of Congress were controlled by liberal Democrats.

During those first 2 years, I opposed many of the initiatives of the coming out of the Congress. I voted against President Clinton's budget, because I did not think raising taxes was the answer to cutting the deficit.

I opposed raising taxes on Social Security.

I opposed his health care plan, which I think would have nationalized health care in this country, which is the last thing we needed.

But the elections in November 1994 changed all of this. For the first time in 40 years, the American people elected a Republican House and Senate. In my opinion, because of this, the changes have been dramatic.

For years, popular initiatives that the American public have wanted have been stalled or bottled up in the Congress.

The 104th Congress—the Republican Congress—has finally broken the log-jam.

Look at what this Congress has passed. It has been significant.

We voted to apply to the Congress the employment laws that we pass which businesses have to put up with. As of a few days ago, many in Congress are getting a taste of the laws that we

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

have imposed on the employers of this country for many, many years. Many of the Congressmen are having trouble coping with them and have not even begun to understand the implications of what we passed.

Both Houses have passed versions of a line-item veto for the President.

Both Houses passed legislation to increase penalties for child pornography. This has been signed into law.

Both Houses have passed new gift rules for Members of Congress and staff.

Both Houses have passed and signed into law a bill restricting unfunded mandates that we place on States—one of our most important and best pieces of legislation.

Both Houses of Congress have passed welfare reform, ending a destructive 30 year entitlement program, and replacing it with assistance that requires personal responsibility and work. Regrettably, the President vetoed the bill. He said he wanted welfare reform, and when we gave it to him he vetoed it.

The Congress passed legislation to provide a tax credit for families with children. The Congress voted to repeal the Clinton tax increase on Social Security. But, again, the President vetoed both of them.

The President also vetoed legislation that would balance the budget in 7 years. In fact, the President had to be forced after months—and three budgets, to finally produce a budget that was balanced using honest numbers.

Mr. President, the first session of the 104th Congress was an active one—in which many important issues were addressed. I think the American people can be pleased with the job the Republican Congress has done.

Certainly, it has kept its promises—more than any other Congress in my recent memory.

Even the President seems to have picked up on the message of the Republican Congress. In his State of the Union, he said ''the era of big government was over.'' And we will make it over quicker, if he will stop vetoing the legislation that we pass.

No longer are we talking about starting new Government programs, like health care, but we are talking about getting our fiscal house in order for the future and stability of this country.

In the second session, there are a number of items I think we must tackle.

We need to take up regulatory reform. Compliance with these regulations is costly. It is destructive and time consuming. Regulatory reform legislation would impose a cost benefit analyses for regulations with an annual cost of $50 million.

The Senate also needs to vote on term limits as soon as possible. I am an original cosponsor of legislation to limit Senators to two terms.

Finally, Mr. President, we need to take up the constitutional amendment to balance the budget. Probably no issue is more important to our country than this one. We are nearly $5 trillion in debt, and it will have to be increased right away. It is long past time that we pass the balanced budget amendment.

Every year Americans work longer and harder just to pay their Federal taxes, and every year more and more of that money is being used to pay the interest on the debt. The debt grows, and the amount necessary to service it grows with it. We are truly imposing a massive financial burden on our children and progeny yet unborn. It is wrong, and it is our responsibility to stop it.

In the Senate we fell only one vote short of passing a balanced budget amendment. I hope the majority leader will bring this issue back before the Senate before we adjourn, and I certainly hope that one of the Senators could be persuaded to change his view on this critical issue. It would mean more to the future and stability of this country than anything I can think of at this time.

STATEMENT HONORING THE OLLISON'S FOR CELEBRATING THEIR 50TH WEDDING ANNIVERSARY

Mr. ASHCROFT. Mr. President, these are trying times for the family in America. Unfortunately, too many broken homes have become part of our national culture. It is tragic that nearly half of all couples married today will see their union dissolve into divorce. The effects of divorce on families and particularly the children of broken families are devastating. In such an era, I believe it is both instructive and important to honor those who have taken the commitment of ''til death us do part'' seriously and have successfully demonstrated the timeless principles of love, honor, and fidelity, to build a strong family. These qualities make our country strong.

For these important reasons, I rise today to honor Raymond and Charlene Ollison who on February 2 are celebrating their 50th wedding anniversary and will renew their wedding vows. My wife, Janet, and I look forward to the day we can celebrate a similar milestone. Raymond and Charlene's commitment to the principles and values of their marriage deserves to be saluted and recognized. I wish them and their family all the best as they celebrate this substantial marker on their journey together.

CURBING YOUTH ACCESS TO TOBACCO PRODUCTS

Mr. MCCONNELL. Mr. President, after 2½ years of inexplicable delay, on January 19, 1996, the Department of Health and Human Services [HHS] issued final regulations concerning tobacco sales to minors for the Substance Abuse and Mental Health Services Administration [SAMHSA].

These SAMHSA regulations implement the Alcohol, Drug and Mental Health Block Grants [ADAMHA] Reauthorization Act of 1992, which required States to prohibit the sale and distribution of tobacco products to minors, take steps to enforce that prohibition and report annually to HHS, or lose Federal substance abuse block grants. While HHS dallied over the final SAMSHA regulations, the Food and Drug Administration—itself an arm of HHS—proposed a highly intrusive new set of regulations governing tobacco sales, distribution, labeling, advertising, and marketing.

I support the approach taken by the SAMSHA regulations. As Congress specifically required in the ADAMHA Reauthorization Act, the SAMSHA regulations give States the maximum degree of flexibility while ensuring that States do in fact take strong steps to stop the sale of tobacco products to minors. The SAMSHA regulations will accomplish the same goal that FDA professes to want—reducing the use of tobacco by minors—in a shorter time for less money and with much less Government interference.

The Kentucky General Assembly passed legislation in 1994 to address ADAMHA compliance. As an example, the State Department of Agriculture, with assistance from local law enforcement officials, must conduct random, unannounced inspections. Persons under the age of 18 may be enlisted to test compliance, provided that parental consent has been given. Kentucky has also established sign requirements, license requirements, and vending machine restrictions.

Mr. President, I represent 60,000 hard-working tobacco farm families and thousands of hard-working individuals who are involved in the manufacturing and retail of tobacco products. Under the SAMSHA regulations, tobacco growers and others involved in the tobacco industry can rest assured that they will not be subjected to excessive government interference. States where tobacco is grown will be free to craft laws that take into account the needs and interests of tobacco growers. Tobacco growers will not be treated as the enemy. On the other hand, FDA's proposed regulations would treat nicotine as an addictive drug and position the FDA to march on every tobacco farm in the United States. FDA's proposal is unacceptable.

Tobacco already is one of the most heavily regulated products in the United States. More than a dozen Federal agencies have jurisdiction over some aspect of tobacco production, sales, or advertising. In light of this fact, Congress authorized SAMSHA not to imposed sweeping Federal tobacco regulations, but instead to encourage States to prevent youth access to tobacco.

Mr. President, I strongly believe that minors should not use or purchase tobacco products. I also believe the most effective way to prevent minors from using or purchasing tobacco products lies in the strict enforcement of laws already in effect in each of the 50

States. A new Federal bureaucracy, as proposed by the President and FDA, is not needed. In 1992, Congress made a bipartisan decision that State officials, not a Federal agency, were best suited to deal with the problem of underage tobacco use. The SAMSHA regulations are a constructive, constitutionally appropriate and cost-effective way to deal with underage tobacco use. The SAMSHA regulations take the right approach. FDA's approach is wrong, excessive, costly, and unnecessary.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, the impression will not go away: The $4.9 trillion Federal debt stands today as a sort of grotesque parallel to that energizer bunny that appears and appears and appears on television in precisely the same way and to the same degree that the Federal debt keeps going up and up and up.

Politicians talk a good game—and ''talk'' is the operative word—about reducing the Federal deficit and bringing the Federal debt under control. But watch how they vote.

Mr. President, as of the close of business, Wednesday, January 24, the total Federal debt stood at exactly $4,987,847,422,144.35 or $18,932.30 per man, woman, child on a per capita basis. Res ipsa loquitur.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PRYOR. 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. PRYOR. Mr. President, I thank the Chair for recognizing me.

A RECESS WOULD BE IRRESPONSIBLE

Mr. PRYOR. Mr. President, I rise today to discuss what the Senate is doing actually tomorrow on a very, very critical and important resolution that would put the Senate in recess for 1 month. To my way of thinking this could be the most irresponsible vote the U.S. Senate has taken in a long, long time. A month—30 days, Mr. President.

I think that such action would be the height of irresponsibility. If we think the American public is losing faith and confidence in our legislative institutions, just wait and see how they react when they see the Senate is voting to take a 30-day recess with all of the work that lies ahead.

The Senate and the Congress as a whole has much work to do, a lot of work to do. The shrinking amount of time in which to do it is something that I would like to discuss for a few moments this afternoon.

The first session of the 104th Congress, Mr. President, was one of the busiest that we have ever seen. Unfortunately, however, it was one of the least productive. I will cite my friend, Senator BILL COHEN's op-ed piece recently in the Washington Post when he said—I think I can quote—''There's a great deal of motion, but very little movement.'' I think that aptly describes last year.

That first session of Congress lasted 365 days, 1 whole year. Only two other first sessions have lasted 365 days in the course of the Republic's history, Mr. President, the 77th Congress in 1941–42 and the 102d Congress in 1991–92.

The Senate, for example, was in session for 211 days. We took 613 rollcall votes. The House was in session 167 days. The House took 885 rollcall votes. What was the result of all of this movement and action, Mr. President? Only 88 bills were signed into law, the smallest number of bills becoming law since 1933.

Mr. President, a 30-day recess, like the one that is being proposed tomorrow, is truly unprecedented. A review of the Senate's congressional calendar shows the normal pattern for Congress is to begin work after the State of the Union. A short recess around the President's Day holiday is the norm. However, to simply shut down the U.S. Senate, for us not to work until the beginning of March, is a remarkable inconsistency.

So what does that mean for us today? It means that there is a lot for us to do in a year already shortened by the Presidential election. Some have even suggested that the Senate is arranging its schedule, depending upon the primaries in New Hampshire and the special caucuses in Iowa. I am not here to argue whether that is true or false, but that is being charged.

There are bills awaiting our attention that must be addressed, not to further the Democratic agenda or the Republican agenda, but to help the American people and to make their lives better and to live up to our responsibility.

I rise today to talk about some of this imperative legislation that I think we should be working on now rather than recessing tomorrow for a whole month's period.

For example, we are in the midst of a crisis in agriculture, and this affects all of rural America. In fact, it affects all America.

On January 1, some 25 days ago, the 1990 farm bill expired. Because no Congress in 40 years has failed to pass a farm bill, we are still exploring the ramifications of what it means to live under an expired farm bill. In short, chaos in rural America could very easily result. We need action in this area.

What we know for sure is that because there is not a farm bill, American agriculture is now, in large part, operating under laws enacted in the year 1949.

In the past several weeks, lawyers and staff at the U.S. Department of Agriculture began to piece together just what this means for farmers, for consumers, and for the taxpayers. For example, while the cotton program operates as is until 1997, the rice program, as we know it, has now been terminated. Today across our country, there is no rice program. There has not been for 25 days. The so-called permanent law, or 1949 law, to which we are now reverting, includes provisions for commodities, such as wheat or corn; however, no provisions for rice.

The Secretary of Agriculture has said he would have to use some general authority under the CCC Charter Act to run a rice program, but research is still underway to see what kind of program he might legally operate.

There is great confusion. Arkansas grows 40 percent of all of the rice produced in our country, but other States, such as California, Mississippi, Louisiana, and Texas, are also large rice producers. Pulling together some kind of general authority and running a partial program could be devastating to the rice industry and to the rice farmers in these five States.

It is not just rice farmers who are very anxious right now. As many of my colleagues have pointed out, most farmers cannot even find out if they will be able to plant a crop, much less what that crop might be. Necessary operating credit, those loans that are so important to the American farmer, will not be extended to many farmers unless the various lending institutions have some idea of what the rules or regulations are in rural America relative to the new farm proposals.

Mr. President, with all of this uncertainty hanging over us in rural America, from producers to millers to ginners to seed salesmen to tractor dealers to processors and all the other businesses that serve the agriculture sector, it is unconscionable, I think, for this Congress to even contemplate recessing for a 30-day period.

Let me give you another example of how the American people are paying as a result of congressional inaction.

Last year, Congress made a legislative error in the GATT treaty which is forcing American consumers to pay millions and millions of dollars more for their prescription drugs every day. We had a debate on this floor. We had a very close vote on this floor.

For instance, the world's largest drug company, Glaxo, today is gaining $6 million a day in undeserved enrichment—$6 million a day in undeserved enrichment and profits. This single company has so far gained $300 million, all of it subsidized by the American consumer from this congressional mistake. We had a chance to correct it. We did not meet that obligation. We must have that opportunity again.

Instead of acting quickly to fix it, Congress has let it drag on week after week after week. If we recess for 30 days, consumers across America will be paying another $180 million in unnecessary health care costs for their drugs. That is outrageous. But there is no

company in this country today who would love to see the Senate adjourn, recess and leave town for the next 30 days more than the company of Glaxo. It means another $180 million to them in undeserved enrichment.

This is not the only important health care issue being held up. A bipartisan proposal which would require insurance companies to stop dropping people when they change jobs and to prevent insurers from denying coverage for preexisting conditions is being blocked today from consideration. There was an excellent article in this morning's Washington Post related to this situation.

This legislation, which would help almost 25 million Americans, is much too important to let die, it is much too important to let it be crowded off the Senate floor schedule simply because we are not in session, we are scattered to the four corners of the land and we cannot be found to do our legislative duty.

There are a number of tax credits that have expired. They need to be extended. The education tax credit, which encourages employers to help their employees improve their education, the research and development tax credit, the targeted jobs tax credit, which helps employers who hire disadvantaged workers, are just some of the examples. These tax credits are helping American business and workers all across this country today. But for 30 days, if we vote to go into this recess, they will be ignored while the Congress leaves town.

There are other bills pending that would change tax policy and make life simpler and better for Americans. For example, a bill to increase the health care deduction for the self-employed lies idle. This bipartisan bill would give self-employed Americans more of the tax cut that large corporations get for funding full health insurance.

Also put on hold is legislation introduced by the majority leader, myself and 44 other Senators to ease the tremendous burden placed on family-owned businesses by the estate tax. This bill would benefit farmers and family-owned businesses across our country.

Another bill on the sidelines is the Church Retirement Benefits Simplification Act, which would clarify the rules that apply to church retirement and welfare benefit plans and make it easier for churches to administer their retirement and benefit programs.

These bills all try to make the tax system friendlier and fairer, and all Americans should not be ignored while the Congress takes a month-long break.

Mr. President, in addition to these bills that I have discussed this afternoon, and many others that are also very important, there is also the issue of the Federal budget. The House, today, is likely to pass a 30-day continuing resolution to keep the Government running. We hope so. The Senate will probably pass it tomorrow. We hope so. And then what happens, Mr. President, is we all leave town. We will be doing nothing to resolve the basic problems that have prevented us from enacting a budget and passing the final six 1996 appropriations bills.

Mr. President, I am talking about finishing up the spending bills that should have been completed last year. I have not even mentioned the fact that the work on the 1997 budget should begin in 10 days when the President submits his budget to the Congress. In addition, the debt ceiling must be lifted by March 1, Mr. President. If we recess and come back on the 26th of February, we will be returning with only a precious few hours to deal with this most important, very critical issue. Moody's has already issued a warning that they may downgrade Treasury bonds as a result of this pending uncertainty. The full faith and credit of the United States of America rests on our actions. There could be possible catastrophic results if we do not take action.

Finally, the people's business needs to be tended to—it is that simple—from rural America to Wall Street, and tomorrow could be the most irresponsible time that I have ever known for us to even consider beginning a 30-day recess. Rather, we should vote tomorrow to recommit ourselves, not to our business, but to the people's business.

Mr. President, I yield the floor.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

THE GOVERNMENT SHUTDOWNS WERE NOT ALL CONGRESS' FAULT

Mr. MURKOWSKI. Thank you, Mr. President. First of all, I would like to address my remarks to those Government employees who were victimized by the process of shutting down the Government. I am sorry—and I think all of my colleagues would share in that sentiment—for that unfortunate set of circumstances. I would like to point out, Mr. President, before we, the Members of Congress, are designated as the sole villain, consider for a moment that both the House and the Senate passed a reconciliation bill to fund the Government fully until all appropriations bills were completed. Our President chose to veto that reconciliation bill. Had he not, there would not have been a shutdown in Government. It seems the media and many have forgotten that, including some Government employees.

Further, Congress passed a significant majority of the appropriations bills, sent them to the President, and the President vetoed about half of them. The President made that decision, just as he made the decision to veto the reconciliation bill. He could have signed the appropriations bills, and those Government agencies would not have been shut down.

So, as a consequence, as we look at the fallout associated with the shutdown of Government, the blame is not all on the Congress, by any means. The President must share that blame. I find it very disturbing that the media does not seem to be able to pick up on that responsibility. There are legitimate differences of opinion in the President's version of the adequacy of the appropriations bills we passed, and he has reason to veto them. But, by the same token, I think he has to be realistic in recognizing that the responsibility is not Congress' alone.

Now, much has been said about the debt ceiling and the fact that sometime in March we are going to be asked to increase that debt ceiling from $4.9 trillion to somewhere in excess of $5.3 to $5.4 trillion, and if we do not, the Federal Government is going to go into default. Some of us feel pretty strongly that the only way to turn this train around of continued debt is to initiate a process that generates a balanced budget in real terms. Real terms means in 7 years—but not 7 years with cuts in the sixth and seventh year, as President Clinton proposes.

Clearly, in the sixth or seventh year, regardless of the election, President Clinton will not be around to bear the brunt of those cuts, and those cuts truly are draconian. Congress is not going to have the self-discipline to do it either. We simply have to get spending under control. We have to reduce the rate of growth of the entitlements. That is basically what we attempted to do with Medicare—not cut it, simply reduce the rate of growth. Many of the public, the elderly, did not seem to catch that difference. Medicare would be increased next year over this year and the year after, but not at the same rate of growth. The President's own Cabinet suggested that Medicare will be bankrupt in 7 years if we do not address that. It is not being addressed under the President's proposal. The ramifications of that suggest business as usual.

Many do not seem to have really captured what this debate was all about. It was not just about a balanced budget. It was about redirecting America, rededicating, if you will, that Washington does not know all, control all, regulate all; but the responsibility should be dictated, as much as possible, to the States and, more directly, to the people. They are capable, and they are frustrated with the dictates from Washington. But that seems to be lost in this debate.

So the significance of where we are at this time, I think, needs real examination, because if corrective action is not taken, if somehow we do not get the attention of the administration to address a real balanced budget, we are simply going to add to this accumulated debt, which, as I have said, is $4.9 trillion, and the interest on that is some $236 billion, which is more than our annual debt. That means that what we are spending in excess of what we

are generating in revenues is about $160 billion. Yet, our interest on the accumulated $4.9 trillion is somewhere in the area of $350 billion.

You do not have to be an accountant to know that if your interest costs on the outstanding principal that you owe are more in each year and each year you are increasing that by an added debt in the area of $160 billion, sooner or later you are going to pay the piper, and you are going to pay the piper through the consequences of a loss of confidence in America's monetary system. That lack of confidence is going to be triggered by too much debt. It happened in Central America, it happened in South America, it happened in Europe, and it will happen in the United States if we do not address a meaningful balanced budget.

So as we look at the crucial times ahead, Mr. President, I do not know what we are going to have to do to catch the attention of the administration to get real about this process. Otherwise, we are going to pay the piper. There is a member of my staff whose wife is expecting a baby in April. That child will come into this world with a share of debt in the area of about $157,000.

Multiply that per capita in the United States—what are we going to do, simply leave a legacy of debt? We must take the medicine now. We must address the hard decisions now. Otherwise, it is simply going to be too late. I wonder if it is not too late now. If we extend the debt ceiling when we come back sometime in the future and we do not have a commitment for a real balanced budget, we are doing a tremendous disservice to the citizens of this Nation.

As a consequence, Mr. President, I think it is time that we go home and reflect on the significance of this crisis. This is very real. Talk to our constituents about the ramifications and share with them the dilemma that is going to be facing us when we come back and we are asked to increase the accumulated debt, the authorized debt, beyond $4.9 trillion. When the only leverage we have is to suggest it should not be done, it is irresponsible to increase that until we have a commitment for a balanced budget. Only when we achieve a balanced budget can we begin to address that 4.9 trillion dollars' worth of debt, and every Member of this body knows it, but not every Member of this body or the House of Representatives is prepared to take the action. That is where we are today.

POLICY AND POLITICS

Mr. MURKOWSKI. Mr. President, another matter I bring before this body concerns the policy and politics related to mining law reform. As chairman of the Energy and Natural Resources Committee, I have been working with Senator CRAIG and other members of the committee to craft a mining bill that is realistic, that is responsive to change.

Many know that the 1872 mining law has been a topic of debate in this body for many years. My good friend from Arkansas has spent many hours suggesting reform. The environmentalists continue to cry for reform. This year in an effort to enact a responsible reform we included several mining law provisions in the budget reconciliation package.

What did we send to the President? Specifically, for the first time in history, I repeat, for the first time in history, we required miners to pay a 5-percent royalty. For the first time in history, miners were required to pay a fair market value for patented land, and for the first time in history patented lands used for nonmining purposes would revert back to the Federal Government. Patented land would have to be used for mining. If the land was used for non-mining purposes it would revert back to the Federal Government.

For the first time in history we established an abandoned mines land fund to start the process of cleaning up the old abandoned mines and try and address abuses that had taken place in the past.

We maintained the existing $100 per claim fee for 3 years and doubled the fees to $200 per fee starting in 1999. The Congressional Budget Office score over 7 years was approximately $157 million. This is significant reform.

What happened to the proposal, Mr. President? The President vetoed the reconciliation package. What is the administration's proposal? Pretty hard to get a feel for what they have in mind. Secretary Babbitt, continues to demand mining law reform, yet he does not offer a specific solution. In fact, the administration has failed to submit a comprehensive mining law reform proposal this year.

Now, let me read some comments made by the administration on mining law reform. ''This process has gone from distasteful to obscene. We support common sense reform that gets the taxpayers a fair return. Congress could and should act quickly to end this travesty.'' Secretary Babbitt, December 1, 1995.

Second: ''The idea that we are backing off of mining reform, grazing law reform, is just nonsense. We are totally committed to changing the current policy.'' This was Vice President GORE, May 10, 1993.

Further: ''Just recently, a law on the books since 1872 that I am trying hard to change, forced the government to sell minerals worth $1 billion.'' President Clinton, November 4, 1995.

By reading these quotes one would think the White House wants action on mining law reform. There is an old saying around here, ''actions speak louder than words.'' In this case I can assure my colleagues we have had no action on mining law reform from the administration this year. What we have had, Mr. President, is a lot of words. There is another old saying around here, ''What is good for the goose is good for the gander.'' I guess it depends on who is the goose and who is the gander.

In today's Washington Times there is a very interesting and revealing editorial about Vice President GORE and Secretary Babbitt. Apparently the Vice President's family has an interest in mining property in Tennessee, a family interest I am sure—nothing wrong with a family having an investment in mining property. According to the Washington Times the Vice President or his family receives a 4-percent net royalty from minerals mined on their land.

I find this interesting because Secretary Babbitt has been pushing for a gross royalty as high as 12.5 percent. As everybody knows, I support mining in the United States. I am pleased that the Vice President and his family are in the mining business. What troubles me is this administration continues to demand a gross royalty for miners while the Vice President receives a royalty based on net. I agree with the Washington Times, if a net royalty is good enough for the Vice President, why is it not good enough for the Secretary of Interior Babbitt?

We can take this process one step further. The Vice President apparently supports exploration and development when it benefits his personal interest, yet he opposes it almost everywhere else, particularly on public land, and certainly in my State of Alaska. He opposes logging in the Tongass, he opposes exploration and development of the Arctic, including ANWR, for oil and gas.

Mr. President, what is the difference between mining and oil and gas production? Both are producing something from Mother Earth, providing a return, reducing our dependence on imported resources. It appears to be a rather inconsistent policy, Mr. President.

I think it is appropriate that the Washington Times has highlighted this because the Vice President is known as a champion of the environment. We appreciate his contribution to the environment, however, we are troubled by his strong opposition to oil and gas exploration, mining exploration, logging, grazing, and any other development of our natural resources. Yet here we have a personal interest reflected on the families' ownership of the lead and zinc mine that the Vice President and his family have in the State of Tennessee which has been highlighted in the Washington Times article.

That is why I question, Mr. President, what is good for the goose is good for the gander.

Mr. President, a good deal of this is about politics. The administration sees the environment as a political issue, and they will go to any means to exploit it. We have seen the President's remarks—protect the environment. Many of the issues are not environmental. They are jobs issues. Are we going to have blue collar jobs in this country in our timber industry, in our mining industry, in our grazing industry, in our oil and gas industry? Or are

we going to continue to be dependent to an ever increasing degree on imports? We seem to be importing resources and exporting jobs.

Currently, over 51 percent of our crude oil consumption comes from imported oil. The Secretary of Energy has just come out with a forecast that is truly alarming because it suggests that this is going to increase dramatically in the coming years.

I note for the RECORD in the ''Inside Energy/with Federal Lands,'' of January 22, 1996, a statement from the Secretary of Energy Secretary O'Leary decrying the deficiency budget. She says an oil crisis is ''imminent.'' That is a pretty strong statement.

Energy Secretary Hazel O'Leary last week predicted that an oil crisis is ''imminent,'' and called on Congress [this body] to help prepare for it by shifting resources from fossil energy r&d to energy efficiency and renewable energy r&d.

O'Leary, speaking to reporters Tuesday, reiterated concerns about a possible oil crisis stated earlier in the day by Joseph Romm, DOE's Acting Deputy Assistant Secretary for Energy Efficiency and Renewable Energy. . . .

''It's pretty clear there's going to be another oil crisis. I would say, in the next 10 years,'' Romm said. . . .

O'Leary agreed with Romm, adding, ''with the trajectory Congress has us on, we're not allowed to intervene with new technology.''

I find that very revealing. It further reads:

''Any interruption in the Persian Gulf or pipeline failures could lead to supply disruptions.''

Comparing the situation to the blizzard that afflicted East Coast cities earlier this month, O'Leary said, ''I see crisis imminent and something we better take care of.''

Asked what DOE could do to avert it, O'Leary responded that the department is ''beginning to pull away from the traditional energy supply, shave some resources from unnecessary national security programs and high-tech nuclear programs, and put that effort to deploying energy efficiency and renewable energy technologies. . . .

That sounds great. Some of it is attainable, but not all of it. There are not enough renewable energy resources out there. Yes, we can increase energy efficiency. But to suggest we are moving our focus over there from increasing energy supplies to alternatives is simply unrealistic, and anybody who is in the energy business, having to supply this country with energy, will tell you, ''It just ain't so.''

''Romm predicted that soon''—and this is the bottom line, and I will urge all my colleagues to reflect on it because one of these days it is going to come around and bite you, it will bite each one of us, because the public is going to say, Where was Congress? Why did Congress not do something to avert this crisis of curtailing a supply of crude oil into the United States?

Romm predicted that soon the Persian Gulf region's percentage of the oil market will surpass its highest level ever, which was 67 percent in 1974. That percentage, he said, ''likely will go over 70 percent.''

There are solutions to the problem, and the three that are proposed by the Department of Energy suggest the following: Raise the price of oil, make it scarcer; add to the burden of the family budget, the Northeast corridor that depends on oil for heating. What is that going to do for inflation, Mr. President? They suggest one of the answers is raise the price of oil. Is that not a bureaucratic answer to a shortage? You raise the price. Put in place regulations to increase fuel economy—there is nothing wrong with that, but you can only go so far—and try to improve fuel efficiency technology. We have done that dramatically in our automobiles.

The indication here is that the administration is taking all three of these approaches, but they blame Congress for opposing all three. We do not oppose all three but we are being realistic.

It is interesting, spokesman Romm ''downplayed the effect that opening the Arctic National Wildlife Refuge to oil and gas drilling would have on reducing oil imports. More oil would be saved by implementing DOE's efficiency and renewable energy programs than would be generated by ANWR, he said,'' if it was opened.

The inconsistency there, and what he does not tell you, is that Prudhoe Bay has been supplying this Nation with nearly 25 percent of its total crude oil production for the last 25 years. That field is in decline. As I have said, currently we are importing 51 percent of our total crude oil. As Prudhoe Bay declines, if we do not find more domestic reserves, we are simply going to import more. It is going to come into this country in foreign vessels, so we are not going to have our U.S. maritime fleet as we have currently in the movement of Alaskan oil which requires that all that oil be moved in U.S. tankers with U.S. crews.

So here we have a situation where, as Prudhoe Bay declines, if we do not find more domestic oil, if we do not look for it in the most likely place where it is likely to be, and that is, the geologists tell us, in the Arctic, we are simply going to be exporting more of our dollars and more of our jobs overseas.

We hear a lot about the deficit balance of payments. That means we spend more than other nations spend buying from us. Half of it is made up in the cost of imported oil. So I find it extraordinary at this time that we have a dire prediction that we are facing an oil crisis and the only alternative that we pursue is greater efficiency and renewable energy and do not prioritize increased domestic production.

This administration is selling America short. America has the technology. America has the engineering know-how to develop oil reserves in those delicate areas and do it safely. We have proven that time and time again.

The difficulty we have in my State of Alaska is we happen to be a new kid on the block. We have only been a State for 38 years. We are trying to develop our land patterns. The rest of the States did it 100 years ago, Virginia 200 years ago. Prudhoe Bay is the best oil field in the world. Endicott was the 10th largest producing field when it came on line. Now it is the seventh. The footprint is 56 acres. That is the technology we have in industry. If we are allowed to go into ANWR, it will generate $1.3 billion for the Federal Treasury resulting from those lease sales. Developing the 1002 area could provide nearly 700,000 jobs during the life of the field throughout the country. We do not make pipe in Alaska. We do not make valves. We do not make all the seals, all the things that go into the development. We get these supplies throughout the United States and this means jobs. And the industry says they can do it in 2,000 acres.

What does ANWR consist of? It consists of 19 million acres. Out of that 19 million, 8 million acres have been set aside as wilderness. The rest of it is in refuge, leaving 1.5 million that Congress set aside for determination to be made of whether to allow exploration. Out of that 1.5 million acres only 2,000 acres would see a footprint.

Think of the jobs in this country. Think of the dollars generated. If we lose this opportunity, Mr. President, indeed our only alternative will be to increase oil imports of oil coming in foreign vessels and the export of U.S. jobs and the export of dollars.

So, as we look at the situation in general, and this administrations attitude towards development of public lands, I think we have, indeed, a political situation. This administration sees these issues, and certainly the environmental community does, as causes—causes for membership, causes for more dollars coming in. Because the American people cannot go up and see Prudhoe Bay, see the advances that have been made in the Arctic, see what we have done to increase the caribou herds in the central Arctic that were 3,000 or 4,000, and are now over 20,000.

So, unfortunately, in their efforts to win political points, this Administration is destroying our natural resource industries. These industries have been significantly reduced—driving jobs overseas and increasing our balance of payments deficit.

So, indeed, it is about politics—not policy. I hope my colleagues will see through the smokescreen.

The editorial, which I ask unanimous consent be printed in the RECORD, is about the Vice President's mine, and his interest in that mine. I encourage my colleagues to read the editorial. If it is good enough for the Vice President, it ought to be good enough for the rest of the Nation's miners.

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

[From the Washington Times, Jan. 25, 1996]

BRUCE BABBITT AS GOLD DIGGER

Vice President Al Gore can afford to worry about whether Earth's in the balance. He has a zinc mine at home in Carthage, Tenn., that keeps his checkbook in balance. He gets a

$20,000 check every year based on a 4 percent net royalty on the value of the minerals mined on the Gores' property.

Now it may seen a little hypocritical for an environmentalist like Mr. Gore to profit so handsomely from a nasty old industry like mining. But the question for the moment is, if the deal is good enough for Mr. Gore, why isn't it good enough for Interior Secretary Bruce Babbitt.

For months now, Mr. Babbitt and congressional Republicans have been arguing over plans to reform the infamous 1872 Mining Law as part of the overall budget reconciliation package. The law provides, among other things, that mining companies can get title to government lands for as little as $2.50 an acre and then mine the minerals without paying royalties.

That doesn't mean the government collects nothing from the operation. Mining companies pay income taxes, company shareholders pay taxes on dividends, and company employees pay taxes on their wages. Such taxes make the government a partner in almost any business enterprise, including mining.

Mr. Babbitt, however, seems to want a gross royalty of 4 percent or higher, a demand to which even the formerly Democrat-controlled Congress would not agree. One says ''seems'' because it's not clear exactly what percentage he wants. An Interior Department spokesman this week could not provide a figure.

Republicans propose to make companies pay a 5 percent net royalty as well the fair-market value of the land. The 5 percent figure happens to be a percentage point higher than what Mr. Gore gets, but it's not good enough for Mr. Babbitt. A net royalty is ''riddled with loopholes,'' he says. Mr. Babbitt means the kind of loopholes that allow business to deduct the cost of their expenses before paying taxes.

Again, the business dealings of the Gore family are instructive here. So eager were the Gores to capitalize on the assets of Mother Earth that they actually sued the company mining the family farm for cheating it out of royalty payments. It seems that although the company had paid royalties on zinc mined there, it had failed to pay appropriate royalties on the germanium ore it dug up. Arbitrators sided with the Gores.

''My attorney proposed an accounting methodology,'' the vice president's father said in 1992, ''which the arbitrators accepted, to determine the value of germanium produced: Take value of germanium produced from the ore and deduct refining costs, insurance, freight and other charges. That's not difficult accounting.'' No it's not.

It can cost millions, perhaps hundreds of millions of dollars, to discover, explore and ultimately develop a mine. Refusal to permit companies the same kind of deductions on government lands that the Gores agreed to on their land is simply another way to shut down mining there. That may be what Mr. Babbitt wants, but employees and towns and schools who directly or indirectly depend on mining jobs don't have the luxury of handouts from Washington.

There's plenty of ''gold'' to be had from the Republican mining reform proposal. It would raise an estimated $157 million in federal revenues. But Mr. Babbitt needn't take Republicans' word when it comes to mining income. All he has to do is ask the Gores.

Mr. MURKOWSKI. Mr. President, I thank the Chair. I wish the President a good day.

I see another of my colleagues on the floor. I yield the floor.

The PRESIDING OFFICER (Mr. BROWN). Who seeks recognition?

The Senator from Utah is recognized.

DRUG-RELATED CHILD ABUSE

Mr. HATCH. Mr. President, it is becoming difficult to open a newspaper without reading another horrifying story of drug-related child abuse.

From Brooklyn, we learn of Elisa Izquierdo, the 6-year-old girl who was born to a crack addicted mother. Elisa's mother allegedly beat her to death, leaving New York's public welfare agencies to engage in the usual finger pointing. [New York Times, Nov. 28, 1995]

In suburban Chicago, a woman and two children are brutally murdered by a trio that includes a convicted drug dealer high on crack. [Time, Dec. 4, 1995].

In Patterson New Jersey, a crack-addicted woman beats her 14-year-old daughter with a three-foot board with a nail protruding, after a dispute over dirty dishes. [New York Times, Dec. 6]

To most of us, horrifying incidents like these seem nearly unimaginable. They demonstrate the incredible dangers of drugs like crack cocaine—drugs so addictive that they could actually impel a mother to kill her own child.

These may be extreme cases, but they are instructive because they represent the extreme end of the kind of pressures facing young people today.

Indeed, sometimes it almost seems to me as if our culture is dedicated to separating children from their innocence. A recent Carnegie Foundation report put it this way:

> Barely out of childhood, young people ages 10 to 14 are today experiencing more freedom, autonomy, and choice than ever at a time when they still need special nurturing, protection, and guidance. Without the sustained involvement of parents and other adults in safeguarding their welfare, young adolescents are at risk of harming themselves and others. [Report of the Carnegie Council on Adolescent Development.]

Lately, the harm referred to in the Carnegie report has been taking the form of increased drug use. A few numbers tell the story:

> Last year the number of 12- to-17 year-olds using marijuana hit 2.9 million, almost double the 1992 level [National Household Survey on Drug Abuse, Nov. 1995].
>
> LSD use is way up among high-school seniors—11.7 percent of the class of 1995 have tried it at least once. That is the highest rate since recordkeeping started in 1975. [Monitoring the Future Study, released Dec. 11, 1995]
>
> A parents' group survey released this November found that 1 in 3 high school seniors now smoke marijuana [Survey released Nov. 2, 1995 by Parents Resource Institute for Drug Education].
>
> Unbelievably, another survey shows that young people are more likely to be aware of the health dangers of cigarettes than of the dangers of marijuana [May 1995 survey by Frank Luntz].

As I said, kids have it rough today. They are faced with adult choices at an ever-earlier age, as the culture surrounds them with hedonistic messages. And it bothers me, frankly, when I read that sometimes our mass media, our educators, and our public officials are making things even worse.

Take the recent advent of rap and hip hop music, a kind of music that enjoys great popularity among young people. A lot of hip hop music is perfectly unobjectionable, although I have to admit it is not what I listen to.

But take a look at these lyrics by the hip hop group Total Devastation and tell me if you hear what I hear—kids as young as 10 being encouraged to take drugs. Chart No. 1 reads:

> When it comes to puffing blunts [blunts are a kind of marijuana cigarette] I'm a 12-year vet.
> And I wasn't 10 yet when I took my first hit.
> I was headed out the house to school one day,
> And guess what I found in my dad's ashtray . . .
> Now there's only three things in life that I need
> Money, safe sex, and a whole lot of weed. Total Devastation, ''Many Clouds of Smoke'']

If my colleagues believe that this is an isolated phenomenon, let me quote from some other songs. This is ''Hits From the Bong,'' by the group Cypress Hill. Chart No. 2 reads:

> Pick it, pack it, fire it up,
> Come along, take a hit from the bong. . . .
> [Cypress Hill, Black Sunday, Hits From the Bong]

Of course, for those of you who have led sheltered lives, a bong is a plastic pipe used for smoking marijuana. This is what our kids get hit with every day.

This last chart has an excerpt from a No. 4 hit song by performers known as ''Channel Live'' and ''KRS One''. Chart No. 3 reads:

> Wake up in the mornin' got the yearning for herb
> Which loosens up the nouns, metaphors and verbs
> And adjectives ain't it magic, kid
> What I'm kickin'
> Multiflower bags and seeds for the pickin'. . . .
> [Group: Channel Live and KRS One; Song: ''Mad Izm'']

This is not just talk, either. The author of this hit song told High Times magazine: ''I love marijuana.'' ''Anything that gives a good feeling the youth are going to gravitate towards. Period. Drugs are part of the human experience.'' [High Times, May 1995, p. 66]

From Atlanta we get the Black Crowes, known for unfurling large banners on stage emblazoned with a marijuana leaf and bearing the words ''Free Us.'' Crowes lead singer Chris Robinson explained to a reporter: ''Everybody in this band smokes weed. . . . We did 350 shows, smoked every night, and never got busted.'' [Hartford Courant, Mar. 12, 1993]

If you think it is easy to do something about this stuff, think again. Baltimore deejay Marcel Thornton lost his job after he stopped playing songs like ''First of the Month,'' by Bone Thugs-N-Harmony, a song which according to the Washington Post talks about ''getting high and selling crack to welfare recipients.'' [Washington Post, Dec. 2, 1995]

According to the Post, Thornton, who attended the Million Man March,

got a call from a female listener pointing out the contradiction between the ideals of the march and some of the lyrics he was playing—coarse and sexually explicit lyrics that I would not repeat on the Senate floor. Thornton agreed; now he is unemployed.

Some people claim that music reflects values but has no influence over the way people really live. But how else to explain the following story, reported in the December 18 Washington Post.

A homemade video shows a man sitting at a table packaging what appears to be crack cocaine. His 4-year-old son sits next to him—also packaging a crack-like substance. The father drinks from a bottle of gin. The 4-year-old takes a drink. The father pulls a 9 mm pistol and subdues an assailant. The 4-year-old pulls a pistol—it may have been a toy, we do not know—and turns it on a younger sibling.

Why was this child being trained, for lack of a better word, to be a predatory criminal? His father says they were making a rap music video.

Of course, there are two sides to every coin. America's music and entertainment industry has brought us greater access to more kinds of music than at any time in history. Music entertains us, but it also edifies us. It has always been a source of great inspiration to me. There is so much in what the music industry produces for kids that is positive—even uplifting. And there are so many musicians out there who have put forth antidrug and other positive messages for people.

I also speak as one who has been a big supporter of the music industry. The digital performance rights bill that was recently signed by the President, and the Audio Home Recording Act of 1992, are only two of the more recent pieces of legislation that I have worked to enact.

But the industry has to admit that it just is not helpful to be peddling albums and artists whose music endorses this type of completely self-destructive activity.

To those of you at Arista, Sony, Interscope, Capricorn and Columbia Records, and the many others who produce and distribute these groups and the ones like them, I ask: How can you sit by and look at 1.3 more young people—that is more young people than 2 years ago—smoking marijuana? How can you ignore a 200-percent increase in marijuana use between 14- and 15-year-olds?

The recording industry has a positive role to play here, but I just have to ask the people promoting these groups, do you not feel irresponsible distributing this garbage?

The record industries are hardly the only sector of the entertainment industry that is sending mixed messages. In an episode of the hit TV show ''Roseanne,'' Roseanne and her husband find a stash of marijuana in their daughter's room. After lecturing her boyfriend, whom they initially suspect of buying the marijuana, they then as parents shut themselves up in the bathroom and smoke it.

Now, that is one of the most popular shows on television. Why, I will never know, but nevertheless it is. What can our kids get from stuff like that? I, fortunately, missed this particular episode, but I understand that the writers treated it like it was something funny—as if the main characters in a top-rated show have no influence over our mores and our attitudes. [''Roseanne'' show aired Oct. 5, 1993.]

Small wonder, then, that 67 percent of adults and 76 percent of kids say that pop culture—TV, movies, magazines, and pop music—encourages drug abuse. There may be no direct causality, but there is certainly positive reinforcement of a truly negative message. [May 1995 survey by Frank Luntz.]

It is not just the mass media, of course. Kids are getting the wrong message from areas as diverse as the instructional materials they receive in school, and even a new encyclopedia that glorifies drug use.

Schools all across this country hand out free copies of Scholastic Update, a magazine geared to youthful readers. Here is what an issue of Scholastic Update had to say about illegal drugs:

> Marijuana is back and coming out of the closet. Stars smoke it. Musicians . . . celebrate it. TV shows like Saturday Night Live and Kids in the Hall depict it as harmless fun. Marijuana fashion has grown into a $10 million industry. . .'' [Buschbaum, Herbert, ''Legalizing Drugs: Where do you Stand?'' Scholastic Update, May 6, 1994 pp. 8–11].

The article gushes that ''America's antidrug policy is getting a fresh look'' with ''[a] small but increasing number of public figures * * * calling for legalization of all drugs, not just marijuana,'' and strongly suggests that the Government treat drug use as a ''health problem,'' providing addicts with controlled access to cheap drugs and clean needles.

Here is another example that surprised me. The 1995 edition of Colliers Encyclopedia—the book our kids are going to be using to write book reports in junior high and high school—tells us there is no reason to worry about drug use because ''[t]he desire of human beings to alter their state of consciousness is one of the few constants in human history.''

The Colliers entry on ''Drugs, Prohibition of'' was written by noted legalization proponent Ethan A. Nadlemann. Among other novel theories Dr. Nadlemann advances in this entry are that most drug laws, including those banning cocaine and opiates, have their historic origin in racism and the desire to crack down on socialism and other forms of political dissent and nonconformity.

What bull. I cannot believe that an organization like Colliers would go to this person to tell us and to tell our kids what is right with the world. This is the kind of material we are giving to our young people to read in school. Imagine what they are reading in their free time.

Keeping our kids off drugs is critical for all the obvious reasons—plus one. Those who reach age 21 without using drugs almost never try them later in life. Hard core drug abusers almost always start young and almost invariably start by smoking marijuana. Let us emphasize this point. Marijuana is not harmless.

According to the Center on Addiction and Substance Abuse at Columbia University, 12- to 17-year-olds who use marijuana are 85 times are more likely to graduate to cocaine than those who abstain from marijuana.

The conclusion is clear. Glamorizing drug use is just reckless, whether it is through music, TV, magazine articles, educational materials, or misguided Government policies.

Keeping kids away from drugs in the first place requires us to stigmatize drug use—a conclusion confirmed by numerous surveys and one that, unfortunately, explains our recent upturn in youthful marijuana usage.

According to a University of Michigan study, youthful use began rising in 1992, just 1 year after declines in peer disapproval were first noted.

One organization that has been doing a great job in explaining the dangers of illicit drugs is the Media Advertising Partnership for a Drug Free America.

The Partnership brought us the famous frying egg with the voice-over saying, ''This is your brain on drugs.'' They have come a long way since the frying egg. Lately, they have been doing a terrific job of producing ads that target all sorts of high-risk groups.

But they rely on donated air time—otherwise, a very expensive commodity—to get their message out. This is becoming a problem for this group. Partnership's ad placements are off more than 20 percent—from $365 million in 1991 to a projected $290 million this year. Partnership for a Drug Free America.

Network news coverage of the drug issue has fallen dramatically, from 518 stories in 1989 to just 82 in 1994. Center for Media and Public Affairs.

We need to see more of these Partnership messages on TV, not fewer. The media have to be more generous with their time and more proactive. Unless we want a generation of junkies, more violence, more abuse and neglect, and more crime on our streets, we had better stop singing and laughing about drug abuse. It is a deadly serious matter.

I had one of the leading French law enforcement officials tell me how difficult it is because Holland, a nation which has legalized drugs, has become the sewer through which they are pouring in all the drugs and then out to the rest of the neighboring states in Europe. It is just devastating to the nations of Europe. We cannot let that happen here.

All the recent news has not been bad. I am pleased that President Clinton

has responded to Congress' call for expedited nomination of a new drug czar. Gen. Barry McCaffrey is an impressive nominee with a history of courageous and energetic leadership. I am proud that he has been nominated. I look forward to the opportunity to discuss these and other issues with him before and at his confirmation hearings. I commend the President for finally grabbing the ball and doing something in this area.

I hope he will back General McCaffrey, who I do not think would take this job if he was not going to have the backing of the President. I hope the President will back him and help him to get out there and do what needs to be done.

Mr. President, in the area of drug use, we have our work cut out for us. The Senate Judiciary Committee has been holding a series of hearings to bring national attention to bear on just how bad this situation has become—and they are bipartisan hearings, I might add. We are going to begin the process of revitalizing the drug war.

Over the next 2 months I will be joining with Senators DOLE and GRASSLEY to look at specific approaches to dealing with the problem of drug use. By working together I believe we will be able to reclaim the ground that we have lost. But we cannot do it without people in America being aware of these problems that are just killing our country and killing our young people, and just satiating them with substances that are horrifying, debilitating and wrong, and that will lead them down the primrose path of drug abuse, drug addiction and ultimately death and degradation.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARKIN. Mr. President, thank you. I just want to again thank my colleague from Utah for his very eloquent remarks on the drug problem, especially on marijuana. I say to my friend, I was listening, and he points out some very good things. I, being the parent of two teenage daughters, am as concerned as he is about the lyrics I hear on some of these songs promoting the use of drugs, such as marijuana.

I cannot add to anything my friend from Utah said, except I heard him say that hard-core drug users always start when they are young—and that is true—and they usually start with something like marijuana. Before that, they start on cigarettes. And unless and until we can get to that root problem of doing something about how these cigarette companies are pushing their products on young people we are fighting a losing battle. We have to get to that too and stop them from getting hooked on cigarettes, because it is cigarettes and alcohol and then right on to illegal drugs.

So I thank the Senator.

Mr. HATCH. I want to thank my colleague. I appreciate the kind remarks and hear him.

Mr. HARKIN. The Senator has been a great leader on this issue, and I commend him for it.

Mr. LOTT. Mr. President, will the distinguished Senator yield?

Mr. HATCH. I will be happy to do so.

Mr. LOTT. I wish to commend him for his remarks. I find them very interesting and informative. I think we can all make use of them.

ORDER FOR ALLOCATION OF TIME

Mr. LOTT. Mr. President, this has been cleared on both sides of the aisle. I ask unanimous consent that the time consumed by all previous quorum calls and any ensuing quorum calls during today's morning business be equally divided between both sides of the aisle.

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

Mr. LOTT. I thank the Chair.

FRAUD, WASTE, AND ABUSE IN THE MEDICARE PROGRAM

Mr. HARKIN. Mr. President, I came to the floor today to talk about a letter I received just yesterday from the inspector general of the Department of Health and Human Services.

Mr. President, over the last 6 years I have spoken frequently on the Senate floor about the problem of fraud, waste and abuse in the Medicare Program. For several years I chaired the appropriations subcommittee that funded the Health Care Financing Administration. Every year I would have one full day of hearings on fraud, waste and abuse in the Medicare Program.

Through the use of our subcommittee we have had a number of GAO investigations and the inspector general's investigations. I was wondering just what might be happening to these investigations because of some of the Federal Government shutdowns and slowdowns. As background, let me just say that the GAO has estimated that up to 10 percent of Medicare spending is lost to waste, fraud and abuse. And 10 percent out of a program running about $180 billion a year means that is $18 billion a year going for waste, fraud, and abuse. So it is not just a small item. It is a big item, and it is a direct hit to the pocketbooks of taxpayers.

One of the main activities and one of the main positive forces we have going after waste, fraud and abuse is the inspector general's office. It is our main line of defense against Medicare fraud. As I pointed out before, even at last year's level, they did not have enough resources to do the job. But it is absolutely essential in stopping this terrible waste of taxpayers' dollars and saving us money.

So I was concerned about the possible impact of the Government shutdowns and the low level of temporary funding that the inspector general is operating under, and what that would mean in our fight against Medicare waste, fraud and abuse.

Last year I wrote to Inspector General June Gibbs Brown to ask her what the impact was. Mr. President, I received her letter yesterday. I want to share it with the Senate because it is absolutely shocking.

The inspector general has said that literally billions of dollars are to be lost to fraud and abuse if action is not taken now. Let me read some portions of this letter.

First of all she says:

> DEAR SENATOR HARKIN: Thank you for your recent letter expressing concern about the extent to which the critical anti-fraud and abuse activities of the Office of Inspector General (OIG) in the Department of Health and Human Services (HHS) are suffering from the government shutdowns and under the current stop-gap spending bill. Specifically, you asked the following questions:
>
> Were major enforcement initiatives, investigations, and audits suspended?
>
> [Second,] [a]re fewer initiatives, investigations, and audits being initiated?
>
> [Third,] [w]hat is the potential impact on Inspector General activities of being forced to operate under another short-term funding measure similar to the one currently in effect?

As I said, Mr. President, the answers are shocking.

I am not going to read the whole letter. I will put it in the RECORD. A few points need to be highlighted. On my question on investigations and audit activity, listen to this, Mr. President.

Cases to U.S. attorneys offices for prosecution dropped from 92 in the first quarter of last year to 51 in the first quarter of this year. Indictments fell from 50 to 34.

Criminal convictions dropped from 84 for the first quarter of last year to 36 for the same period this year.

Investigative receivables fell from approximately $77.7 million for the first quarter last year to about $30.8 million for the same period this year.

The Office of Inspector General issued 33 percent fewer reports, processed 30 percent fewer non-Federal audits, and identified 40 percent fewer dollars for recovery to the Federal Government compared to the same period last year.

> The shutdowns [she went on to say] prevented us from excluding individuals and entities from participation in Medicare and Medicaid. Providers were allowed to continue to bill the Medicare and Medicaid programs even though they should have been excluded due to convictions or because they [have been] abusive to patients.

Understand what she is saying. She is saying that certain individuals and entities should be excluded from participation because they have been convicted of criminal activities. They could not even keep them out because of the their lack of funds caused by the shutdown in the Government and because of their underfunding.

In comparison, she states that last year at the same time there were 493 health care exclusions versus only 210

exclusions for the same period this year. Starts on 100 audit assignments were delayed or postponed.

But here is really the central point of the whole letter.

. . . Under the continuing resolution scenario, [the Inspector General said] the number of completed inspections may drop to approximately half [of the number of last year, which was 68.] Considering the program savings generated in past years as a result of such reports, as much as $1 billion could be lost from the drop in program inspections alone.

That is $1 billion.

Program inspections identify sources of fraud and abuse and recommend program adjustments to prevent future occurrences.

That is what will not be done this year, as she said, under the continuing resolution scenario.

Mr. President, I ask unanimous consent that the full text of the inspector general's letter be printed at this point in the RECORD.

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES, OFFICE OF INSPECTOR GENERAL,

Washington, DC, January 24, 1996.

Hon. TOM HARKIN,

Ranking Minority Member, Subcommittee on Labor, HHS, and Education, Senate Committee on Appropriations, Washington, DC.

DEAR SENATOR HARKIN: Thank you for your recent letter expressing concern about the extent to which the critical anti-fraud and abuse activities of the Office of Inspector General (OIG) in the Department of Health and Human Services (HHS) are suffering from the government shutdowns and under the current stop-gap spending bill. Specifically, you asked the following questions:

Were major enforcement initiatives, investigations, and audits suspended?

Are fewer initiatives, investigations, and audits being initiated?

What is the potential impact on Inspector General activities of being forced to operate under another short-term funding measure similar to the one currently in effect?

SUSPENSION AND CURTAILMENT OF PENDING OIG WORK

[Note: Social Security related activities have been removed from FY 1995 figures because the Social Security Administration became an independent agency on March 31, 1995 with its own Inspector General. The FY 1996 figures include some activities funded by Operation Restore Trust—a limited Medicare demonstration project funded through the Health Care Financing Administration.]

Investigations and audit activity—comparison of the first fiscal quarters of 1995 and 1996

Presentations of cases to United States Attorneys for prosecution dropped from 92 in the first quarter of Fiscal Year (FY) 1995 to 51 in the first quarter of FY 1996 while indictments fell from 50 to 34.

Criminal convictions dropped from 84 for the first quarter of last year to 36 for the same period this year with civil judgements going from 27 to 19.

Investigative receivables fell from approximately $77.7 million for the first quarter last year to about $30.8 million for the same period this year.

The OIG issued 33 percent fewer reports (54 reports compared to 82 reports), processed 30 percent fewer nonfederal audits (861 compared to 1,223), identified 40 percent fewer dollars for recovery to the Federal Government ($14.2 million compared to $23.8 million), and is collecting 30 percent fewer dollars approved for recovery ($83.2 million compared to $120.1 million).

HHS financial statement audits

The Government Management Reform Act requires that agencies have financial statement audits beginning FY 1996. The HHS-wide financial statement audit requires audits of eight operating agencies accountable for about $280 billion. The financial statements of the Health Care Financing Administration alone comprise expenditures in excess of $230 billion that are material to the overall departmental financial statements and to the General Accounting Office effort to report on governmentwide financial statements. If travel funds are not obtained, all such audit work will be suspended with resultant impact on HHS-wide and governmentwide statements. Audit activity must be performed at multiple State agencies and Medicare contractor locations, all requiring substantial travel funds. In addition, funding must be sought for expert medical assistance to review medical claims.

Administrative sanctions—fines, penalties, and exclusions

The shutdowns prevented us from excluding individuals and entities from participation in Medicare and Medicaid. Providers were allowed to continue to bill the Medicare and Medicaid programs even though they should have been excluded due to convictions or because they are abusive to patients.

By comparison, there were 493 health care exclusions implemented for the first quarter of FY 1995 versus 210 exclusions for the same period this year. Approximately 400 exclusion cases are presently awaiting implementation.

IMPACT ON NEW OIG INITIATIVES

During the first quarter of last year, the OIG investigations component opened about 560 cases and closed about 605 cases. For the same period this year, under the continuing resolution, we opened only 425 and closed about 390. During the furlough period this year, we opened and closed only 2 criminal cases.

Starts on 100 audit assignments were delayed or postponed indefinitely because of the furlough. An example of this is the national review of prospective payment system (PPS) transfers. The United States Attorney in Pennsylvania proposed a joint review of PPS transfers based on prior audit work that identified over $150 million of overpayment to hospitals. If we are able to follow the Department of Justice proposal, we anticipate recoveries of over $300 million under the provisions of the Federal False Claims Act. The project has been suspended due to the furlough and lack of adequate travel funds.

POTENTIAL EFFECT OF CONTINUED UNDERFUNDING

Lack of funds for travel and other expenses of field work

For investigations, audits, and inspections not funded under Operation Restore Trust, travel has been reduced to about one-third of the prior year's expenditure for the same period. If the underfunding of OIG activities continues, most travel will be suspended and employees furloughed. Approximately 60 percent of ongoing or planned audits will be curtailed or severely reduced in scope because of travel requirements with the resultant loss in program savings. The FY 1995 audit-related savings totaled $5.5 billion.

Last year the OIG issued 68 program evaluation reports. Under the continuing resolution scenario, the number of completed inspections may drop to approximately half that number. Considering the program savings generated in past years as a result of such reports, as much as $1 billion could be lost from the drop in program inspections alone. Program inspections identify sources of fraud and abuse and recommend program adjustments to prevent future occurrences.

Effect on sanctions activity

The OIG expects a decline in potential settlements and exclusions as a result of fewer investigative and audit initiatives. In addition, since many of the false claim cases originating from the Department of Justice are generated through OIG investigations and audits, we expect a decline in that caseload as well.

Currently, the OIG administrative sanctions staff has under development 292 cases including false claims, Qui Tams, and civil monetary penalties, all of which will be put on hold during another furlough. Activity on them would be greatly reduced if we are operating under a continuing resolution with an inadequate level of funding.

Since the furlough, we have not been able to respond to more than 2,217 inquiries from licensing boards and private sector providers, who are required by law in inquire about the exclusion status of a practitioner before hiring, concerning the current status of a health care practitioner.

The minimum funding that would allow the OIG to meet its basic obligations and maintain its infrastructure is the amount shown in the Senate markup of the HHS appropriations bill ($75,941,000). We have enclosed at Tab A a copy of the Committee recommendation.

We sincerely appreciate the effort you have made toward achieving a level of funding for the OIG that would allow us to sustain basic services. We also appreciate your consistent support year after year toward curtailing waste, fraud, and abuse in Medicare, Medicaid and other HHS programs. The attention you give to our findings and recommendations and your enthusiastic encouragement assist us greatly in strengthening the integrity of these important programs.

Sincerely,

JUNE GIBBS BROWN,
Inspector General.

Mr. HARKIN. Thank you, Mr. President.

Much of the problem is they have no funds for travel. It is interesting that their auditors and their investigators can come to work and sit at a desk, but they cannot do anything. Much of the investigative work of the inspector general is involved in traveling and in investigative activities. So we have hundreds of these people sitting at their desks unable to do their jobs. Every day that the Government is either shut down or every day that they operate under the continuing resolution, with the short funding that they have, the crooks and the con artists are picking Medicare's and the American taxpayers' pockets costing us billions, as the inspector general said, if we fail to act.

So this is not just again some little item. It is very odd to me, Mr. President, we can pass a continuing resolution to provide a full year of funding to a number of important programs, including the Kennedy Center for the Performing Arts—that is fine—and yet we do not fully fund the inspector general's office that goes out after the

crooks and the con artists and stops them and recovers money for the taxpayers.

We cannot fund that. I just wish somebody could justify that to me. I do not understand it. I guess we are going to be considering a new continuing resolution tomorrow.

I want to take this opportunity today to let my colleagues know that I intend to insist that that continuing resolution provide adequate funding for the Office of Inspector General in the Department of Health and Human Services to fight Medicare fraud, waste, and abuse. If we do not, then it is the crooks and the scam artists who will be smiling as they rip off the taxpayers even further.

I just want to point that out, Mr. President. If there is a continuing resolution and they are going to fund some portions of the Government to go on, this is one portion of the Government that this Senator is not going to let sit there and not be adequately funded. People are talking about cutting Medicare and making our beneficiaries pay more for their monthly premiums to make up for Medicare shortfalls in the future. I say, wait a minute, if the General Accounting Office is saying that up to 10 percent of Medicare money is lost to waste, fraud, and abuse, that is $18 billion a year each year for 7 years. We already have more money than we need right there to make up for the Medicare shortfall that we face.

So this is an important matter and I intend to pursue it. I hope Senators will do so on both sides of the aisle—I do not say this is a partisan issue. I just hope we pay some attention to this issue and make sure the Office of Inspector General is fully funded.

THE 1996 FARM PROGRAM

Mr. HARKIN. Mr. President, I know my colleague from Oklahoma is seeking the floor. I am going to take a few minutes on a different topic. I want to mention how greatly concerned I am that Congress appears to be set to go into recess for a month while the details of the 1996 farm program remain unresolved.

Farmers have been waiting for a long time to know what the program will be for this year. They need to be able to make plans to line up seed, fertilizer, chemicals, and credit. As we all know, and as I know the occupant of the Chair knows from representing his State and the farmers in his State, farming is a very capital-intensive business. Farmers need to know what type of Federal policy they are operating under so they know what they need in terms of capital in order to arrange the credit for this year's expenses.

Second, the farm bill is not just for farmers, it is for everyone. It is for our consumers as well as our farmers. It is for exports. It is for the whole infrastructure of processing, making and distributing our food products in this country. The fact that we do not have a farm bill has broad ramifications.

We should have had a full farm bill debate last year. I know of no one on my side of the aisle who either filibustered or in any way indicated that he or she would filibuster a farm bill. We had some committee meetings last year under the able leadership of the Senator from Indiana, Senator LUGAR. I will be very up front about it. Those on my side of the aisle, the Democrats, proffered a farm bill proposal. We debated it, we voted on it, and we lost. I understand that, but at least we had the opportunity to debate it and vote on it.

Then the majority party, the Republicans, offered their farm bill in committee. We debated it and we voted on it. They won. I have no problems with that. That is the way it ought to be. But then I expected the bill to be brought to the floor of the Senate so that other Senators who have equal interest in agriculture and agriculture policy could have their day to offer amendments, debate the bill, and then pass it. Maybe some of those amendments would have been adopted, maybe some would not have been, but that is the way the Senate should operate.

To this day, we still have not had an agriculture bill on the Senate floor for debate, amendments, and passage. What happened was—I do not cast any broad nets or use any broad brush, but some people in the majority party decided that they would sit down behind closed doors, write a bill, and put it into the massive budget reconciliation bill. Again, there was no realistic opportunity to debate, offer amendments, or to reach compromise and do what is right for rural America and our Nation.

Now I understand someone in the other body is saying that if there is going to be a continuing resolution, he wants to put his version of the farm bill on it. That proposal is basically the same as was put in the budget bill. Well, that is not the version I like. Maybe that is the version that might eventually get through. I do not know for certain, but I do not think so. I do not think it would have the votes to pass. But at least it ought to be debated, and we ought to have a full and fair opportunity to discuss it, vote on it, and amend it. That proposal should not be rushed through as part of a continuing resolution.

Farm policy is too important to be ramrodded through here without adequate time to debate it and amend it. We do not need much time. If we had a day or two to debate a farm bill, I think we could pass it. It probably would not be exactly what I want, but at least we would have our day to debate it, offer some amendments, and maybe we could reach some compromises.

All I can say about that so-called Freedom to Farm Act that the chairman on the other side wants to attach to the continuing resolution is that they ran that up and down the flagpole a number of times last year. It does not have the votes to get through. It cannot pass either the House or the Senate on its own merits.

So on that so-called Freedom to Farm Act, we ought to just say the last rites, move on and try to find some compromises we can work from, and let us do it in a bipartisan fashion.

I have worked on a number of farm bills in the past. At times they have generated a lot of emotional and intellectual debate on farm policy. They have been good debates, some of them pretty tough, but in the end, we fashioned a bipartisan compromise, and we moved on. That is the way we ought to do it again this year.

So, Mr. President, there are steps we can take. It is getting very late in the year to try to fashion some entirely new program. I had hoped that we would have had a new program for this year, but we do not. More and more, it seems the only feasible thing to do appears to be extending the present farm bill for 1 year, and making some immediate changes that we can all agree on—planting flexibility, for example. Both sides agree it is needed. We agreed on that in committee. That is no problem. We can reach agreement on how to deal with the repayment of the 1995 advance deficiency payments. I think both sides agree on working that out. We could do that. So we could resolve those important issues, and at least farmers would know what to expect this year, and they could get on with their business.

If I had my druthers, I would rather we did not have an extension of the 1990 farm bill, but it is too late to do anything markedly different now. So that seems the most likely outcome we are faced with now, to extend the 1990 bill, make a few needed changes that we agree upon and then move on.

Mr. President, I thank you and yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

MAJOR CONCERNS

WAR ON DRUGS IN AMERICA

Mr. INHOFE. Mr. President, I listened with interest when the Senator from Utah was talking about some of the drug problems that are facing this Nation and that concern all of us deeply. He made a comment that we are all pleased that Barry McCaffrey, if he is confirmed, will be taking over as drug czar to actually do something about it. It is long overdue.

I sat in the other Chamber and listened to the President during his State of the Union Message 2 days ago. He expressed this great concern about the drug problem in America. Yet he has done nothing for the first 3 years about the drug problem.

We did, I guess, have a drug czar, but the number of personnel who were supposed to be participating in the program to address the drug problem in America was cut by 75 percent, from 100 down to 25 people. The amount of money that was spent on the drug problem was actually cut in half.

I hope that Gen. Barry McCaffrey will be confirmed and will come out with a very aggressive drug program. I only regret that we lost 3 years in the battle against drugs in America. Everything that the Senator from Utah said made a lot of sense to me.

PEACEMAKING

I am also concerned about two other things that no one is talking about, Mr. President. One is a statement that was made by the President of the United States, not one time but twice during his State of the Union Message. He said that ''Americans should no longer have to fend for themselves.'' Americans should no longer have to fend for themselves. I got to thinking—and maybe I am making the wrong interpretation on this—but is that not what made America great, what distinguishes us from other countries? If you say that Americans should no longer have to fend for themselves, then that leads you to the incontrovertible conclusion that the Government should take care of us instead. I think, in a subliminal way, that is perhaps what the President was saying.

If I were to single out the thing that bothered me the most about the message—not just the inconsistencies and the talk about the role of Government and the one-liners about large Government coming to an end and all of that—it was the statement that he made that almost went unnoticed regarding a new national policy that our military is no longer to be used to defend America, but for peacemaking.

I have watched this progress, first when we made the commitment into Somalia—and that was not President Clinton, that was actually President Bush that made that decision after he had lost the election and before President Clinton was sworn into office—when our troops were supposed to be there for 45 days. It was not until 18 of our Rangers were killed almost a year later that President Clinton agreed to bring the troops home. Well, that was a concern to me. Haiti was a concern, and Rwanda was, and now, of course, Bosnia is. We had our debate on Bosnia, and now we are going to support our troops all we can. I kept thinking that all these humanitarian gestures were kind of incidental things, or accidents that, well, if there is something that the President seems to think is very significant in a part of the world, we need to get involved because there are human rights violations and murders going on and things that we all find deplorable.

But in his State of the Union Message, he made it national policy for the first time, that our role is now peacemaking throughout the world. This is not some idle remark—it is the President of the United States who is making this statement, in a State of the Union Message which all of the world was watching. If I were sitting out there listening in any number of countries that are having problems right now, I would say, ''Good, we do not have to worry because the good old United States is going to come in and solve our problems.''

Now, with a starved military budget—which in purchasing dollars is less than it was in 1980 when we could not even afford spare parts—we are diluting our force by sending troops around the world on peacekeeping missions. We now have a vetoed Department of Defense authorization bill. In the veto message the President says he is vetoing it because we have money in there to complete our national missile defense system, which I contend is about 85 percent complete today—as if there is something wrong with defending America.

We keep going back and talking about the 1972 ABM Treaty. Mr. President, as you will remember, that treaty was constructed back at a time when our policy was one of mutual assured destruction. The justification was that we had two superpowers, the Soviet Union and the United States, and if we both agreed not to defend ourselves, not to have the capability to knock down missiles as they were coming over to our countries, neither country would attack the other. Well, that was the policy. Frankly, I did not agree with it at the time, but it at least made some sense in that there were two superpowers.

Now we have a totally different environment. The interesting thing about this is that Henry Kissinger, the architect of the ABM Treaty, told me not long ago that it no longer has application today. Today we have a proliferation of threats from places all over the world and it is not isolated in one place. To quote Dr. Kissinger, ''it is nuts to make a virtue out of our vulnerability.'' That is the situation we are in today, which disturbs me so much as a member of the Intelligence Committee and the Senate Armed Services Committee. But you do not have to go to those of us who may be accused of being overly concerned about missile attacks on the United States of America. You can go to James Woolsey, former CIA Director, who was appointed not by a Republican President, but by President Clinton. Jim Woolsey said there are between 20 and 25 nations that either are developing or have developed weapons of mass destruction, either chemical, biological, or nuclear, and are working on the means to deliver those warheads.

This is what concerns me because we know right now that the threat is greater than it was during the cold war. During the State of the Union Message, the President said—and he got a rousing ovation—''For the first time, Russian missiles are not pointing at America's children.'' But I can say this: At least when the Russian missiles were pointing at America's children, we knew where they were. Now it could be Iran, Iraq, Syria, North Korea, or China, any number of places. We do not know where they are. But we know there are two dozen countries that are developing the technology and capability of delivering missiles to the United States.

Mr. President, the ABM Treaty stated that it is all right to have a theater missile defense system in place. It is all right if you are in the Sea of Japan and you see two missiles coming out of North Korea, one going toward Japan, which you can shoot down; but if one is going to the United States, you cannot shoot it down because that would violate the ABM Treaty of 1972. I also have contended that the ABM Treaty was between two parties, one party of which no longer exists today.

So I will support the DOD authorization bill, even though I think it was a bad decision to take the national missile defense language out of the bill.

Before somebody comes running in the Chamber and starts talking about star wars and all of these mythical things and making people believe there is not a threat out there, let me just suggest, Mr. President, that I am not talking, even right now, about space-launched missiles to intercept missiles. We are talking now about surface-launched missiles, the technology of which we already have.

Anybody who watched CNN during the Persian Gulf war watched missiles knock down missiles. That is not supernatural; that is not something out of Buck Rogers or Star Wars; that is a technology that works today. We have an investment of $40 billion in the Aegis system, which is about 22 ships that have launching capability. We are trying to spend a little bit more over a 5-year period, approximately $5 billion more, for that capability to reach to the upper tier. That would mean that if a missile were launched from North Korea, taking about 30 minutes to get over here, we would be able to do something about it and knock it down before it came into the United States. Between that and the THAAD missile technology, which is already here, we could upgrade what we already have billions of dollars invested in, and defend America.

I do not understand why this aversion toward defending America keeps coming out of the White House. We know the technology that is here, and we know what the North Koreans are doing. We know the type of missile North Korea is developing is going to be capable of reaching Alaska and Hawaii by the year 2000 and the continental United States by 2002.

I saw something only yesterday that I would like to share.

I ask unanimous consent that the entire article in yesterday's New York Times entitled ''As China Threatens Taiwan, It Makes Sure U.S. Listens'' be printed in the RECORD.

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

[From the New York Times, Jan. 25, 1996]

AS CHINA THREATENS TAIWAN, IT MAKES SURE U.S. LISTENS

(By Patrick E. Tyler)

BEIJING, JANUARY 23.—The Chinese leadership has sent unusually explicit warnings to the Clinton Administration that China has completed plans for a limited attack on Taiwan that could be mounted in the weeks after Taiwan's President, Lee Tenghui, wins the first democratic balloting for the presidency in March.

The purpose of this saber-rattling is apparently to prod the United States to rein in Taiwan and President Lee, whose push for greater international recognition for the island of 21 million people, has been condemned here as a drive for independence.

While no one familiar with the threats thinks China is on the verge of risking a catastrophic war against Taiwan, some China experts fear that the Taiwan issue has become such a test of national pride for Chinese leaders that the danger of war should be taken seriously.

A senior American official said the Administration has ''no independent confirmation or even credible evidence'' that the Chinese are contemplating an attack, and spoke almost dismissively of the prospect.

''They can fire missiles, but Taiwan has some teeth of its own,'' the official said. ''And does China want to risk that and the international effects?''

The most pointed of the Chinese warnings was conveyed recently through a former Assistant Secretary of Defense, Chas. W. Freeman Jr., who traveled to China this winter or discussions with senior Chinese officials. On Jan. 4, after returning to Washington, Mr. Freeman informed President Clinton's national security adviser, Anthony Lake, that the People's Liberation Army had prepared plans for a missile attack against Taiwan consisting of one conventional missile strike a day for 30 days.

This warning followed similar statements relayed to Administration officials by John W. Lewis, a Stanford University political scientist who meets frequently with senior Chinese military figures here.

These warnings do not mean that an attack on Taiwan is certain or imminent. Instead, a number of China specialists say that China, through ''credible preparations'' for an attack, hopes to intimidate the Taiwanese and to influence American policy toward Taiwan. The goal, these experts say, is to force Taiwan to abandon the campaign initiated by President Lee, including his effort to have Taiwan seated at the United Nations, and to end high-profile visits by President Lee to the United States and to other countries.

If the threats fail to rein in Mr. Lee, however, a number of experts now express the view that China could resort to force, despite the enormous consequences for its economy and for political stability in Asia.

Since last summer, when the White House allowed Mr. Lee to visit the United States, the Chinese leadership has escalated its attacks on the Taiwan leader, accusing him of seeking to ''split the motherland'' and undermine the ''one China'' policy that had been the bedrock of relations between Beijing and its estranged province since 1949.

A Chinese Foreign Ministry spokesman, asked to comment on reports that the Chinese military has prepared plans for military action against Taiwan, said he was awaiting a response from his superiors. Last month, a senior ministry official said privately that China's obvious preparations for military action have been intended to head off an unwanted conflict.

''We have been trying to do all we can to avoid a scenario in which we are confronted in the end with no other option but a military one,'' the official said. He said that if China does not succeed in changing Taiwan's course, ''then I am afraid there is going to be a war.''

Mr. Freeman described the most recent warning during a meeting Mr. Lake had called with nongovernmental China specialists.

Participants said that Mr. Freeman's presentation was arresting as he described being told by a Chinese official of the advanced state of military planning. Preparations for a missile attack on Taiwan, he said, and the target selection to carry it out, have been completed and await a final decision by the Politburo in Beijing.

One of the most dramatic moments came when Mr. Freeman quoted a Chinese official as asserting that China could act militarily against Taiwan without fear of intervention by the United States because American leaders ''care more about Los Angeles than they do about Taiwan,'' a statement that Mr. Freeman characterized as an indirect threat by China to use nuclear weapons against the United States.

An account of the White House meeting was provided by some of the participants. Mr. Freeman, reached by telephone, confirmed the gist of his remarks, reiterating that he believes that while ''Beijing clearly prefers negotiation to combat,'' there is a new sense of urgency in Beijing to end Taiwan's quest for ''independent international status.''

Mr. Freeman said that President Lee's behavior ''in the weeks following his re-election will determine'' whether Beijing's Communist Party leaders feel they must act ''by direct military means'' to change his behavior.

In recent months, Mr. Freeman said he has relayed a number of warnings to United States Government officials. ''I have quoted senior Chinese who told me'' that China ''would sacrifice 'millions of men' and 'entire cities' to assure the unity of China and who opined that the United States would not make comparable sacrifices.''

He also asserted that ''some in Beijing may be prepared to engage in nuclear blackmail against the U.S. to ensure that Americans do not obstruct'' efforts by the People's Liberation Army ''to defend the principles of Chinese sovereignty over Taiwan and Chinese national unity.''

Some specialists at the meeting wondered if Mr. Freeman's presentation was too alarmist and suggested that parliamentary elections on Taiwan in December had resulted in losses for the ruling Nationalist Party and that President Lee appeared to be moderating his behavior to avoid a crisis.

''I am not alarmist at this point,'' said one specialist, who would not comment on the substance of the White House meeting. ''I don't think the evidence is developing in that direction.''

Other participants in the White House meeting, who said they would not violate the confidentiality pledge of the private session, separately expressed their concern that a potential military crisis is building in the Taiwan Strait.

''I think there is evidence to suggest that the Chinese are creating at least the option to apply military pressure to Taiwan if they feel that Taiwan is effectively moving out of China's orbit politically,'' said Kenneth Lieberthal, a China scholar at the University of Michigan and an informal adviser to the Administration.

Mr. Lieberthal, who also has traveled to China in recent months, said Beijing has redeployed forces from other parts of the country to the coastal areas facing Taiwan and set up new command structures ''for various kinds of military action against Taiwan.''

''They have done all this in a fashion they know Taiwan can monitor,'' he said, ''so as to become credible on the use of force.''

''I believe there has been no decision to use military force,'' he continued, ''and they recognize that it would be a policy failure for them to have to resort to force; but they have set up the option, they have communicated that in the most credible fashion and, I believe, the danger is that they would exercise it in certain circumstances.''

Several experts cited their concern that actions by Congress in the aftermath of President Lee's expected election could be a critical factor contributing to a military confrontation. If President Lee perceives that he has a strong base of support in the United States Congress and presses forward with his campaign to raise Taiwan's status, the risk of a military crisis is greater, they said. A chief concern is that Congress would seek to invite the Taiwan leader back to the United States as a gesture of American support. A Chinese military leader warned in November that such a step could have ''explosive'' results.

In recent months, American statements on whether United States forces would come to the defense of Taiwan if it came under attack have been deliberately vague so as to deter Beijing through a posture of what the Pentagon calls ''strategic ambiguity.''

Some members of Congress assert that the Taiwan Relations Act of 1979 includes an implicit pledge to defend Taiwan if attacked, but Administration officials say that, in the end, the decision would depend on the timing, pretext and nature of Chinese aggression.

Mr. INHOFE. Mr. President, in this article, entitled ''As China Threatens Taiwan, It Makes Sure U.S. Listens,'' the Times reporter reports on some ominous information recently passed to the National Security Adviser, Anthony Lake, concerning measures being taken by Beijing to facilitate military action against Taiwan and statements intended to deter the United States from coming to Taipei's assistance.

According to Charles Freeman, former United States Ambassador to China and now an Assistant Secretary of Defense, a Chinese official told him of the advanced state of military planning and that preparations for missile attack on Taiwan and the target selection to carry it out have been completed and await a final decision by the Politburo in Beijing. Freeman reported to Mr. Lake that a Chinese official had asserted that the Chinese could act militarily against Taiwan without fear of intervention by the United States because American leaders ''care more about Los Angeles than they do about Taiwan,'' a statement Mr. Freeman characterized as an indirect threat by China to use nuclear weapons against the United States.

I do not think anyone who is watching what is going on in the world today can miss the threats that come both subliminally and directly from various countries. If those people watched Saddam Hussein during the Persian Gulf war, they know that he would not have hesitated to use this capability on the United States if he had had it. But today we have more than two dozen countries that are developing such a capability.

If I could single out this one thing that I heard from the President's State of the Union Message 2 days ago, this is the most disturbing thing that came out of his message. We can concentrate on the inconsistencies or the statements he made about wanting to have welfare reform, when in fact he vetoed the very bill he says he now wants; and when Americans stood up and applauded when he said he was going to downsize Government, when he, in fact, is increasing the size of Government every day in assigning new tasks and putting more jobs into job programs and into retirement programs and into environmental programs—he mentioned 14 different areas of Government he wanted to increase—in every area except for defense, he wants to increase government.

''Wait a minute,'' he said, ''Now I am very proud to tell you we have 200,000 fewer Government employees than when I took office.'' Let me tell you where the employees came from. They came from the Defense Department. They came from our defense system. If you exclude the defense system, our Government has grown dramatically, whether you talk about the budget or whether you talk about the number of employees. It is very deceptive for the President to say that.

Again, all of that aside, as offensive as that may be to thinking Americans, the thing that has to be looked at is this new role that our military has of peacemaking as opposed to the role of defending America.

I wish that more people in this Senate Chamber had been able to be with me on the days following April 19 in Oklahoma City, in my beautiful State of Oklahoma, where the most devastating terrorist attack, domestic attack, in the history of the world took place. When you saw, as we saw in the Chamber the other day, Richard Dean, who went in there after he himself had gotten out of the building and dragged out three or four other people. The stories of the heroes of that disaster were just incredible. Jennifer Rodgers, the police officer acknowledged during the State of the Union Message—and I appreciate the President doing that—sure, ask Jennifer Rodgers or Richard Dean about the devastation of that bomb in Oklahoma City. That bomb was measured as equal to 1 ton of TNT. The smallest warhead we know of today, nuclear warhead, is equal to 1,000 tons of TNT.

Now, that has to tell you, if you are concerned as we were about what happened in one building and all the tragedy surrounding that, that if you multiply that by 1,000—and I do not care if it is a city in Oklahoma or New York or Washington or anywhere else in the world—that is a pretty huge threat that is out there. It is a very real threat. As yesterday's paper indicates, it is even a greater threat and a more documented threat than it was before. Yet the President has shown no regard for the defense of this country against this threat.

Mr. President, we will have a chance to address this. Yes, we do want to pass the Defense authorization bill even though missile defense has been taken out of it. But we will return to the battle over missile defense, and to this new humanitarian role that our military has, in future debates.

I guess I will conclude with another concern that is not as life-threatening. Of course, we are concerned about the lives that would be lost if we failed to defend ourselves, but in these various humanitarian peacemaking missions that is the new rule of our military, somebody has to ask the question: Who is going to pay for this? We have a President who has taken virtually all of the money out of the military budget that would go into equipment to defend America, and yet we are going to have to come around and pay for all this stuff that is going on in Bosnia and elsewhere.

I picked up something the other day in last week's Defense News that I guess has the solution. Pentagon officials said on January 3 that the budget cuts could come from areas where Congress has increased funding, such as missile defense, to pay the bill for these missions. This is from Pentagon officials. ''Congress increased Clinton's overall budget request by $7 billion in 1996. It is intuitive that any money above the President's request would be reprogrammed to pay for Bosnia,'' one senior Pentagon official said on January 2.

That tells us two things. First of all, the $1.5 billion that the President says it will cost for the humanitarian exercise in Bosnia is grossly understated. It could be up to $7 billion. The studies I have seen show it around $5 billion. I guess we not only are redirecting our military to a new role and that new role is peacemaking, but we are also going to pay for it with the dollars we would otherwise use to defend America. This is wrong.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from Arkansas.

SENATE BUSINESS

Mr. BUMPERS. Mr. President, tomorrow is the drop-dead date for Congress on how we will keep the Government going. In addition, the deadline is fast approaching on honoring the full faith and the credit clause of the Constitution. I say not only to the people of this country but to people all over the world that we intend to honor the debentures you hold, and we will pay you interest for helping us finance our debt.

I have never really felt that when push came to shove, there would be any question about whether or not we would extend and raise the debt ceiling. There still is not. I feel sure this will happen. If it does not happen tomorrow, as it should, it will certainly happen by the last day of February. To do otherwise would be the height of irresponsibility. So I am not really worried about that, and I applaud some of the comments I have seen by Mr. ARMEY and Speaker GINGRICH on that subject.

Now, tomorrow, as I understand it, the Senate will vote on a continuing resolution to keep the Government afloat until March 1. Also, I understand that the continuing resolution will fund most of the programs not covered by enacted appropriations bills at 75 percent of the fiscal year 1995 funding level or the lower of the funding levels provided by the fiscal year 1996 House or Senate appropriations bill, if that level exceeds the 75 percent funding level. However, programs funded pursuant to the HUD–VA bill and State, Justice, Commerce bill, will be funded at the levels provided in their conference reports.

Programs funded pursuant to the third bill on which we have a conference report, namely Interior, as I understand it, are going to be funded instead as if the Interior bill did not have a conference report. All the agencies funded in that bill will have to live on the lower of the House or Senate bill, or 75 percent of what they got in 1995.

Mr. President, tomorrow when the debate on the continuing resolution begins, I hope somebody will be able to tell me why we are treating the programs funded by the Interior appropriations bill differently. I do not like that. I see no reason not to treat Interior the same way we do HUD–VA, and State, Justice, Commerce.

Second, at some point tomorrow there is going to be a motion made by the majority leader to adjourn the U.S. Senate until February 26. I can tell you categorically that I do not intend to vote for that motion. It is almost as unfathomable to me why we would leave here, with all this work undone, until February 26, as it is why we want to shut the Government down all the time around here.

I have been here 21 years and things have happened here in the last 3 months that, in my opinion, are not only unfathomable and unexplainable, but inexcusable. We are supposed to be here to govern. We are not supposed to be here making sure all 100 Senators and all 435 Congressmen, get their way. I think it was Longfellow who said one time: ''You better be careful about what you pray for because you might get it.'' You have 100 Senators here and everybody is saying if I cannot have my way there will be no way. Governing is the art of compromise. There are strong feelings on that side of the aisle and this side of the aisle on hundreds of items.

I did not get my way on the space station or that sucker would have been dead a long time ago. One hundred billion dollars squandered. And we say we need more money for education?

Congress has provided $7 billion more for the Defense Department than the administration requested. ''We don't

want the extra 20 B–2's. It is true you only put $500 million in for 20 B–2's, but what is the total cost down the road? It is $30 billion. We do not need them. We do not want them.'' Many times, when I used to come out here if I was opposing something in the Defense bill, Members on the other side of the aisle, who are prone to vote for every single dollar for defense no matter what it is, would say to me, ''You are opposed to this but the Secretary wants it, the President wants it, and all the Chiefs want it.'' So it would sail through here like a firestorm.

Now I raise that issue with Members on the other side and I say: The President does not want it, the Secretary does not want it, and the Chiefs do not want it. Why are you putting it in here? And they answer: What do they know? What do they know about building ships on a noncompetitive basis? What do they know about 20 B–2 bombers that we say they need and we do not care if they say they do not want them?

You see, if this were a perfect world and we had more money than we knew what to do with, I might not complain. Mr. President, 22 B–2 bombers and they would not dare fly one of them in Desert Storm for fear it would get shot down and that would kill the B–2 program, so they just did not fly them. They would not even let a B–1 fly over in Desert Storm for fear it would get shot down.

Why am I concerned about that? Because I believe in balancing the budget with compassion and with a concern for the future of the country.

When it comes to education, the people of this country have invariably reported in the polls they would pay more taxes if their children got a better education. Some of us here labor in the vineyards of education. Some of us try to keep the National Endowment for the Arts and the National Endowment for Humanities afloat because we believe culture is important. What has the majority done? They whack both endowments by 40 percent. So if there happen to be a few children around who are interested in opera or drama or art or anything else, and they need a few bucks from the Federal Government—forget it. Then you wonder why people act uncivilized. Why are people so rude? Most people who are leaving here—and in record numbers—do not say it in those words, but everybody knows that, perhaps not the principle reason, but one of the reasons is because civility no longer exists here. What a tragedy.

So, what are we going to do to improve civilized conduct? Cut every single program that has as its intention to enhance the understanding of the importance of the culture of the Nation, the importance of civilized conduct and civility, man-to-man, woman-to-woman, and so on.

They say the mining industry in this country can take billions of dollars' worth of gold, silver, platinum and palladium off lands that belong to the taxpayers of this country and not pay one dime for it while we cut Medicare and Medicaid and education and the environment. Corporate welfare is too nice a name. I call it corporate ripoff.

I saw a report the other day, Mr. President, that said only 14 percent of the people in this country pay any attention to what is going on in Washington. That is the reason I can stand here and scream my lungs out day in and day out about this mining law of 1872, where the American mining industry has ripped this country off for billions and billions and continues to do so while we sit here and argue about how much we are going to cut education and the National Endowments for the Arts and the Humanities.

Mr. President, hundreds of millions of dollars were cut from environmental protection. A British philosopher once said there is nothing more impossible than undoing something that has already been done. When you kill somebody you cannot bring him back to life. And when you rape and pillage the environment in a permanent way, you cannot bring it back.

What are we doing? We are cutting the legs right out from under the people who enforce the environmental laws of this country, which over the past 25 years have increased the ''swimmability'' and the ''fishability'' of the lakes and rivers of this country. And there is not a sober person in America who does not want to continue that.

Finally, Mr. President, I want to be supportive of the President. He mentioned just about everything in his State of the Union Address that I care anything about. I applaud his stand for saying we can balance the budget without destroying everything we hold dear. We do not have to assault the elderly, we do not have to assault the poor, and we certainly do not have to assault the children of this country in order to get a balanced budget.

If you made me king for 10 minutes, I will produce a balanced budget in 7 years that does not do any of those things. However, it now appears that the White House and the majority party may be in the process of agreeing on the inane, crazy idea of cutting taxes. I will solve all of the problems of the balanced budget. You just give up on that tax cut.

I would say both to the President and to the Speaker and the majority leader, if you absolutely insist on a tax cut, at least wait a year or two until this whole thing fleshes out and we find out. Is it going to work? Once you put the tax cut in place, everybody knows you will not ever take it back.

So when you put the tax cut in place 7 years from now, CBO's estimate is that there will be $254 billion in savings to the Government just in interest cuts alone. That may turn out to be zip, zero, nil. But the $200-plus billion in tax cuts is already gone.

So why does not the President or Senator DOLE say, look, it is an oxymoron to say we are going to cut taxes and balance the budget. We tried that, you know, back in 1981. What did we get out of it? We got a $4 trillion increase in the national debt. But people have forgotten. The majority of the people in this body were not here in 1981 when we did that. They do not remember, so I am reminding them.

I want it put on my epitaph that I was one of 11 U.S. Senators that voted no on the proposal that claimed it would raise defense spending by 100 percent and cut taxes and balance the budget. People in Arkansas are taking a pretty big hit these days, but I can tell you one thing: People down there have enough sense to know that that one will not work.

So, Mr. President, I look forward to tomorrow and what I hope will be a civilized debate, an intelligent debate, and one that will say, do not put the farm bill on this. That is a nonstarter. Pass a clean debt ceiling bill. What we ought to do is adopt a clean continuing resolution to keep the Government going until March 1, and we ought to pass a debt ceiling limit so that people in the world, not just in the United States—bear in mind, of the $5 trillion national debt, almost 40 percent of it, a third of it, is held by foreigners.

The people in this country and the people in Congress may think this holding the debt ceiling hostage is cute and funny, but the Japanese and Germans do not think it is funny. When they hold a U.S. Government bond that is supposed to return them 6 percent interest, when it comes due they want their 6 percent. They do not want all of this mickeying around about who is holding who hostage in the U.S. Congress. The very thought that we might falter in the payment of our interest on U.S. Government obligations is absolutely Byzantine.

Just to talk about things that have happened around here that you have never seen before and hope to God you never see again, here is a farm bill that the chairman of the Agriculture Committee in the House could not even get out of his committee. He is chairman. His own Republican membership reneged on him. It was brought up in the Senate just for talking purposes but not to be voted on, because everybody knew that it would be beaten soundly in the U.S. Senate. Called ''Freedom to Farm,'' it never got out of the committee in the House, never passed the House, never passed the Senate, never was even considered by the Senate Agriculture Committee, and they talk about putting that thing on the continuing resolution tomorrow?

The farmers of my State want something definitive so they can go to the bank and borrow money and plant their rice and their soybeans. But they do not want that sucker, and nobody else does either.

So why do we not extend existing law for 1 year and put the fears and the apprehensions of the farmers of America at ease?

Mr. President, I am going to vote against the adjournment motion until some resolution of this farm program is made, and the rice farmers of my State, who produce 40 percent of all of the rice in this Nation, have some certainty. The first thing you know—as my colleague said in the press conference this morning, Senator PRYOR—you keep messing around so they cannot plant their rice, and the next thing you will know we will lose all of our world markets for American rice. We have squandered $1 to $1.5 billion mickeying around one-upping each other.

In closing, Mr. President, let me repeat. The people of the country last year had a right to be angry. They were angry for all kinds of different reasons. I will not presume to know precisely why everybody voted the way they did. They were not voting for chaos. They were not voting to see how much havoc we could create and impose on innocent people. They wanted changes. They did not want to see the Government dismantled. They did not want to see the Government shut down and leave the country defenseless, almost anarchistic.

So tomorrow I hope will be an interesting and enlightening and sensible debate. I hope when we leave here tomorrow night, if and when we do, that we leave with a pretty good feeling that we finally have begun to recognize each other's feelings about this and have finally begun to get our act together and reassure the people of the country that we are not really just a bunch of bickering children up here.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

NEW WORLD MINE

Mr. BUMPERS. Mr. President, as everyone in this body knows I have been a vocal proponent of reforming the 1872 mining law. This 124-year-old anachronism continues to permit the extraction of billions of dollars' worth of hardrock minerals from public land without compensating the taxpayers and in a manner that causes significant environmental degradation. Unfortunately, the new majority in Congress has little or no interest in meaningful reform of the mining law.

During the congressional recess an article appeared in the New York Times discussing the proposed New World gold mine which would be located within 2.5 miles of Yellowstone National Park. It is painfully obvious that unless action is taken soon, Yellowstone will be gravely imperiled. In fact, the World Heritage Commission recently designated Yellowstone National Park a world heritage site in danger primarily due to the proposed mine.

Mr. President, some of my colleagues from the West argue that mining is a primary way of life in their States and any changes in the mining law that made it more difficult to pollute the land or provided for the payment of meaningful royalties would have a negative impact on their States. However, as the New York Times article points out, their constituents do not necessarily agree. In fact, much of the western economy depends on pristine land, air, and water. Certain mining operations are not synonymous with such conditions, especially in the absence of more stringent environmental restrictions.

The scars of previous mining operations are littered throughout the country. In fact, 59 sites on the Superfund national priority list are directly related to mining. According to the Bureau of Mines, there are 180,000 acres of land and 12,000 miles of rivers that have been polluted by waste from abandoned mines. The cost to taxpayers to clean up this mess will be astronomical. Yet no one seems willing to do anything to prevent future disasters, such as the New World mine. Mr. President, I urge my colleagues to carefully consider what we may be doing to our national treasures, such as Yellowstone Park, if we do not act.

Mr. President, I ask unanimous consent that a report that appeared in the January 7 issue of the New York Times regarding the ''Montana Mining Town Fights Gold-Rush Plan'' dealing with the gold mine that is about to be built just outside the gates of Yellowstone, be printed in the RECORD.

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

[From the New York Times, Jan. 7, 1996]

MONTANA MINING TOWN FIGHTS GOLD-RUSH PLAN

(By James Brooke)

COOKE CITY, MT.—From Canadian mining barons to President Clinton to American environmentalists, the bitterest mining controversy of recent months has swirled like an alpine blizzard around this tiny mountain village of 80 people.

On one side, Canada's largest natural resources conglomerate is determined to dig $750 million of gold and silver out of a nearby 8,900-foot peak. On the other, environmentalists assert that the mine would inevitably leak acid into Yellowstone National Park, three miles to the west.

Often overlooked in the international clash of press releases and lawsuits are the residents here who would be affected. In a town founded by gold miners, one might expect to find people enthusiastic about a plan to open the state's largest gold mine on Henderson Mountain, a peak named after a gold panner. But skepticism about the proposal is surprisingly plentiful here, reflecting a growing hostility to mining in Montana, a state that is shifting its economic base from mining to tourism.

Even at the Miner's Saloon, amid mining decor of picks and shovels, criticism is rife. ''I'm vehemently against it,'' said Chris Warren, a 24-year-old resident, who was echoed by the bartender and four men nursing drinks at the bar.

In dissent, the saloon keeper, Larry Wicker, said he appreciated the younger generation's patronage, but not their views on mining. ''If it weren't for the miners, Cooke City would be part of little Russia,'' he said, referring to this sliver of private land surrounded by Government land, including Yellowstone and two national forests.

In a tribute to Montana's 19th century mining origins, the state seal bears the motto, ''oro y plata,'' gold and silver. But Montana's combined income from mining and logging was surpassed in the early 1990's by recreational tourism—fly fishing, elk hunting, snowmobiling, hiking, camping and river rafting. Anglers alone spend $410 million a year in this state.

The shifting political winds from this economic transformation are buffeting the Henderson Mountain mine project, which cannot proceed until it wins environmental clearances from various state and Federal authorities. The process could easily take two years or more.

On the far side of a mountain saddle here, the mining company, Crown Butte Mines Inc., would hollow out Henderson Mountain at the rate of 1,500 tons a day. Working at almost 9,000 feet, the miners would combat a forbidding climate that includes 23 frost-free days a year and about 40 feet of snowfall a year.

Crown Butte purchased the mining rights on the private land after deciding that technological advances and new discoveries would make mining profitable.

Environmentalists, pointing out Old Faithful geyser only 60 miles to the southwest, said the proposed mining site is in the nation's secondmost seismically active area after the San Andreas Fault. They contend that an earthquake would rupture a disposal site filled with potentially toxic waste from the operation.

But Crown Butte Mines maintains that it would build a dam strong enough to withstand any tremor of the magnitude registered in the last 150 years. While mining advocates often paint their environmental opponents as outsiders or newcomers, polls indicate that Montana voters are increasingly hostile to new mines and to economic growth, especially if it means new residents.

In a poll of 817 registered voters conducted in December for The Billings Gazette, 48 percent of the respondents said that economic benefits would not outweigh possible environmental damage from the project here, the New World Mine. Only 29 percent favored the mine.

Montana, with a population of 850,000, has only six people per square mile. But 31 percent of respondents called for no more population growth, and 45 percent agreed with the statement: ''We're approaching our limits.'' The poll's margin of sampling error was plus or minus 3 percentage points.

The dispute over the mine may heat up soon when the United States Forest Service releases an environmental impact statement.

In the six months leading up to this report, world environmental attention focused on this remote mountain village. A city in name only, Cooke has a one-room school and a three-block-long Main Street that ends in a snowdrift half the year.

On Aug. 25, President Clinton thundered over Cooke City's proposed mine site in a military helicopter. Afterward, he ordered a two-year ban on mining in the 4,500 acres of National Forest land surrounding Henderson Mountain.

In September, the village visitors were members of the World Heritage Committee,

which monitors sites designated by international treaty as having ''universal value to mankind.'' Citing the mine project, among other threats, the committee added Yellowstone to its list of ''World Heritage in Danger.''

To drum up support, Crown Butte hired as a consultant Birch Bayh, a former United States Senator with a record as an environmentalist. The largest investor in Crown Butte is Noranda Inc., Canada's largest natural resources company, which is controlled by the Toronto financiers Edward and Peter Bronfman.

The debate here speaks of larger tensions between mining and recreation in the state. ''Mining is an anachronism now—the town has become dependent on Yellowstone for its livelihood,'' said Jim Barett, a local carpenter who is chairman of the Beartooth Alliance, a local environmental group that opposes the mine. ''To plop this huge industrial complex into here would not only disrupt our lives, but would have serious environmental consequences.''

Some people think the mine would mar tourism for a town that has four campgrounds, three hunting outfitters, three snowmobile rental companies and 15 hotels, motels and bed and breakfasts. But at Joan and Bill's Family Restaurant on Main Street, a patron, Lyle Hendricks, said the $100 million mining investment would outweigh any harm to tourism. ''People worry about the stress of losing a job when the mine plays out in 20 years,'' said Mr. Hendricks, a bearded man who builds steel Quonset huts here. ''What about the stress of not having a job now?''

After Mr. Hendricks left, the waitress, Jennifer Mullee, 20, commented, ''In 10 years, the mining company will be gone, and the land will be destroyed for our children.''

Opinion surveys of Montana adults indicate that women oppose mining by far greater margins than men.

Mine supporters like the saloon keeper, Mr. Wicker, say other mines have proved safe. In Jardine, Mont., he said, an underground gold mine has burrowed to ''within yards'' of the Yellowstone Park with no ill result.

A fifth generation Montanan and a mining engineer by training, Mr. Wicker dismissed the mine's opponents as ''flatlanders, people from Nebraska.'' ''Everyone who gets here says, 'I'm the last person here, I've got my little piece of Montana,'" said Mr. Wicker, who plans to open a poker room and expand his saloon hours if the mine is approved.

Cooke City is a far cry from the 19th century gold rush days when 5,000 raucous miners packed the town.

For half the year, the only way to get to Cody, Wyo., the nearest large city, about 40 miles away, is to travel by snowmobile over Colter Pass. A year-round mining operation would keep the road to Cody plowed.

Mining officials promise to leave local creek water cleaner than when they found it. As a legacy of past mines, sections of local streams still run rust red from acid drainage.

''We can still use some of the money made from the mine to clean up the area, to backfill the old mine sites,'' Joseph J. Baylls, president of Crown Butte, said in a telephone interview from Toronto. ''At the end of the day, it will be better than today.''

But experience has left many Montanans skeptical of mining companies. ''In 20 years, the town will boom and bust, just like Butte,'' said Matt Schneider, the Mining Saloon's 22-year-old antimining bartender.

Long fabled as ''The Richest Hill on Earth,'' the gold and copper deposits of Butte, Mont., petered out in recents decades, leaving a legacy of pollution and unemployment. The Atlantic Richfield Company inherited much responsibility for the environmental mess in 1983 when it bought the principal Butte operator, the Anaconda Minerals Company.

In October, in a move that reflected Montana's tougher stand towards mining companies, the State Justice Department sent Arco a cleanup bill of $713 million.

Mr. BUMPERS. Mr. President, I wonder if the Senator from Kansas is prepared, or does she need a little additional time to get ready?

Mrs. KASSEBAUM. Mr. President, I am ready to go and, rather than call for a quorum, will get started on some comments that I would like to make.

The PRESIDING OFFICER. The Senator from Kansas.

The Chair informs the Senator that there are 4 minutes remaining under the control of the majority in morning business.

HEALTH INSURANCE REFORM

Mrs. KASSEBAUM. Mr. President, I would like to offer just a few observations on comments that were made by President Clinton in his State of the Union speech the other evening regarding health insurance reform. I was pleased that President Clinton mentioned it, because I think it is a subject of great importance to us.

As we debate the future of the Medicare and Medicaid programs, American families are growing increasingly anxious about the availability, portability, and cost of their own private health coverage.

While the comprehensive health reform debate ended well over a year ago, the American people continue to rank health reform as a priority and health care as a top concern. A poll conducted late last year by Princeton Survey Research Associates found that more Americans are concerned about their own health coverage than crime, high taxes, the ''political system,'' and the economy. Both the Princeton poll and a Times Mirror poll also found that health care topped the list of issues Americans most want the Presidential candidates to address.

The health insurance problem is not merely one of perception. The number of uninsured and underinsured Americans continues to climb:

First, there are now over 40 million Americans without health insurance.

Second, over 1 million working Americans have lost health insurance in the last 2 years alone.

Third, and, over 80 million Americans have preexisting conditions that could make it difficult for them to maintain health coverage when they change jobs.

Mr. President, Congress has the opportunity this year to address middle-class Americans' concerns about the diminishing availability, portability, and affordability of health coverage in a bipartisan way.

A health insurance reform bill proposed by myself and Senator KENNEDY, S. 1028, passed the Senate Labor and Human Resources Committee unanimously last August and now awaits action on the Senate Calendar. Similar measures are pending in the House of Representatives, including a companion bill introduced by Representative ROUKEMA of New Jersey.

Through sensible, market-based reforms, the Health Insurance Reform Act would:

First, limit the ability of insurers and employers to impose preexisting condition exclusions;

Second, prevent insurers from dropping coverage when an individual changes jobs or a family member becomes ill; and

Third, help small companies gain more purchasing clout in the market.

The General Accounting Office estimates that the Health Insurance Reform Act would help at least 25 million Americans each year, and the Congressional Budget Office predicts that it would do so without any cost to American taxpayers.

SUPPORT FOR THE HEALTH REFORM ACT

The Health Insurance Reform Act enjoys broad support. It passed the Labor and Human Resources by a 16 to 0 vote and has attracted 40 cosponsors—20 Republicans and 20 Democrats—from across the political spectrum. Moreover, it has been endorsed by a wide range of outside organizations, including the National Governors' Association, the National Association of State Insurance Commissioners, the Consortium for Citizens with Disabilities, Small Business United, the National Association of Manufacturers, the U.S. Chamber of Commerce, and the American Medical Association.

I believe the legislation has achieved broad consensus for two main reasons.

First, it is narrowly focused. It does not contain employer mandates, mandatory purchasing alliances, new taxes or new bureaucracies. It does not remake the private health care system in the image of the United States Post Office. Instead, the legislation focuses only on those areas where broad, bipartisan agreement existed during the health care debate in the 104th Congress and where State insurance reforms have demonstrated the ability to work.

Second, the legislation was crafted with significant input from consumers, insurers, businesses, hospitals, and doctors. It is carefully attuned to the rapidly changing private health care market. As the U.S. Chamber of Commerce and other employers said in a recent letter, the Health Insurance Reform Act would:

* * * improve health coverage for tens of millions of American workers and their families * * * through carefully designed rules that are workable for employers who voluntarily sponsor health plans and for their employees.

RESPONSE TO CONCERNS

The Health Insurance Reform Act is not without some detractors. We have worked closely with the health insurance industry, and insurers generally support the bill. For example, Blue-Cross

Blue-Shield and the Health Insurance Association of America submitted testimony in favor of the vast majority of the bill's provisions. However, some continue to raise concerns about one provision of the legislation that is designed to help individuals and families who have played by the rules maintain health coverage if they lose their job or leave a job to work for an employer that does not offer coverage.

I believe, however, that this provision strikes a careful balance between the need to provide consumers some access to individual coverage and the need to protect the fragile individual insurance market.

The Health Insurance Reform Act would provide access to individual insurance only for those who have maintained prior continuous coverage under an employer-sponsored health plan for at least 1½ years, who have exhausted their COBRA benefits, and who are ineligible for coverage are under another group policy.

Moreover, S. 1028 contains no restrictions on premiums, and it leaves broader reforms—such as guaranteed issue for individuals who have not had prior coverage, guaranteed issue for the self-employed, and portability between individual health plans—to the States. As a result, the bill requires individuals to pay into the system for years before being able to gain access to health coverage.

This group-to-individual portability provision is not far-reaching. It is limited precisely to avoid potential premium increases and adverse selection problems that could result from broader individual market reforms. Testimony and analysis by the National Association of Insurance Commissioners and others has confirmed that this narrow provision is unlikely to have a significant impact on the cost of health coverage in the individual market. The most recent estimates from the American Academy of Actuaries show that this provision would likely affect premiums by only 2 to 3 percent.

It is true that some insurers who now thrive by refusing to cover those in poor health may be unable to survive in a market characterized by competition based on quality, price, and service. In States like New Hampshire, Vermont, and California that have enacted targeted insurance market reforms like those in the Health Insurance Reform Act, some insurers have left the market—but others have replaced them, competition has flourished, rates have come down, and consumers have benefited.

I do share the belief that State high-risk pools are one important way of providing access to insurance for certain individuals. That is why S. 1028 expressly provides that if a State has adopted, or adopts in the future, a high-risk pool or other means of allowing individuals to maintain health coverage, that State law or program will apply in lieu of the group-to-individual portability provision contained in the bill. Instead of preempting State reforms that are working or prescribing a one-size-fits-all solution from Washington, S. 1028 allows each State to fashion individual market solutions that are appropriate for individuals in that State. This is one of the main reasons that both the NGA and the NAIC support the bill.

Another argument that is sometimes made is that insurance reform should be left entirely to the States. This argument also ignores reality.

While 48 States have enacted insurance reforms targeted to small companies, over 70 percent of workers with health coverage work for firms with more than 100 employees. Moreover, the States are prevented by the broad preemption provisions of the Employee Retirement Income Security Act from providing portability to workers who receive health benefits through self-insured, employer-sponsored health plans. I believe strongly that we should retain ERISA preemption. But as we do, we must recognized that the vast majority of American workers cannot carry their insurance from one job to the next unless we enact portability reforms on the Federal level.

IT IS TIME TO MOVE FORWARD

Mr. President, I think we all know people in our own States who would be helped tremendously by this legislation. For nearly a decade, however, Congress has been unsuccessful in attempts to pass health insurance reform legislation. We now have a historic opportunity to move forward. And I believe we should seize that opportunity.

Last Congress, Republicans and the American people rejected the administration's comprehensive health reform proposal. Instead, every one of us signed onto market-based health reform legislation that was more ambitious in almost every respect than the Health Insurance Reform Act.

Now, the President of the United States has endorsed our approach. And Senator KENNEDY and other Democrats should be commended for working with us to make positive change a realty, without letting the perfect become the enemy of the good.

While the political dynamic clearly has changed, I believe strongly that Republicans' commitment to moving forward with common sense, market-based health reform legislation should not.

I want to make clear to all of my colleagues that I, for one, am absolutely committed to passing health insurance reform legislation this year—either as a freestanding bill or as an amendment to another vehicle.

The Health Insurance Reform Act does not strike out in a bold, new direction. But it is a very positive step forward that will reduce barriers to health coverage for millions of working Americans. It is also an opportunity to demonstrate to the American people that Republicans and Democrats can work together to address their most serious concerns about the health care system. I believe we should start by passing this legislation at the earliest possible opportunity.

I yield the floor, Mr. President.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself 10 minutes.

I again congratulate Senator KASSEBAUM for her leadership on this extremely important issue which can make an extraordinary difference to the quality of life of millions of Americans who are, as she described, playing by the rules, working hard, trying to participate in the workplace, and also trying to fulfill some of their hopes and dreams for the future.

As Senator KASSEBAUM has pointed out, our committee, as well as other committees, dealt with the broad issue of health care for all Americans in the last Congress. We were unable to pass that legislation. But during the consideration of our committee, we had some 10 days of markup, which virtually every Member, Democrat and Republican, attended. Those were long days which began early in the morning, at 8 or 9 o'clock, and went sometimes until 8 to 10 in the evening with brief recesses. Our committee delved into the various features of the health care debate. I thought we reached some important agreements on a number of those different measures, but there were areas of difference and we were unable to secure the kind of comprehensive coverage which I basically support. At some other time, hopefully, we will have another chance to address it.

During that period of time, Senator KASSEBAUM provided great leadership by expressing her concern and also her commitment to try to address one of the particular challenges in health care coverage that remains out there and works such an extraordinary hardship on millions of Americans—lack of guaranteed health insurance.

Millions of working Americans develop some preexisting condition and, under the current system, often are individually dropped from their health insurance. Or if they are working in a small company, the company's health care costs go up enormously if they try to maintain their coverage, or otherwise all of the members, through no fault of their own or no fault of this individual, lose that coverage.

Or the individual who works hard and has an opportunity to obtain a job, maybe move up on the economic ladder, faces a circumstance where the new opportunity will not provide health care coverage. This individual is effectively in a position of job lock and is denied that opportunity again because of some preexisting condition or some ailment or some disability which is no fault of their own.

As the Senator from Kansas has pointed out, those individuals exist in the small towns and communities, rural areas, as well as cities in her own State of Kansas. And they exist in my State of Massachusetts.

Throughout this last year, very quietly, conscientiously, and deliberately, Senator KASSEBAUM reached out, as she mentioned, to the consumers, to the health care profession, to the business community, to others, including the insurance industry, to try and fashion legislation that could address one of the most egregious and serious aspects of the health care crisis that we are facing.

After a very thorough examination of this issue and listening to a broad range of interested individuals, as well as different groups, she fashioned this legislation, and I enjoyed the opportunity to work closely with her and her staff to introduce this legislation. This legislation takes into consideration a number of the points that were raised during the course of the hearings and a number of points that were raised by Members of our committee. Then, in really a very special way, Senator KASSEBAUM was able to gain virtually the unanimous consent of all of the members of the committee, all 16 members of our Labor and Human Resources Committee supported that legislation.

When we look today at some of the divisiveness which exists in the course of our legislative agenda, it always continues to impress me about the willingness of those members and the various groups that they represent to come together to try and address something which has such important meaning to millions of our fellow citizens. And that is what was done. The best of the ideas that were raised and the hearings were incorporated, some of the concerns were addressed, and out of the legislative process came an even stronger bill than was even introduced by Senator KASSEBAUM and myself. And this legislation has been reported out of committee and has been on the agenda for some period of time now.

During the course of many months we have had the opportunity to talk, and talk together, about what the possibilities were of getting to present this to the Senate, to urge our colleagues to support this, as well as to try to get our friends and colleagues in the House to address this issue. And the time is moving along.

We are not here today to try and point the finger at individuals or groups or constituencies that have resisted the opportunities to bring this up and consider the legislation. But what we are basically indicating today is that the kind of response we have all received on this issue is Republican and Democrat alike. The 40 cosponsors reflect 20 Democrats and 20 Republicans with wide, diverse, different philosophical viewpoints. When we are able to gain that kind of confidence from our colleagues after they have had a chance to study the legislation, it is worthwhile for this body to consider the legislation, to consider any amendments that are directed toward the legislation, and then to move the process forward.

I hope that we would have that opportunity in a timely way. I think those of us who have supported the legislation believe that even though there may be differences with Members on different items that are not directly related to this, that we can as an institution address this and see a successful conclusion of the legislation.

This is a modest program but a very important one. I underline both those words. It does not do the comprehensive job that many of us would like to do, but it will make an enormous difference in the quality of life for millions—and I mean millions—of young and old alike. This legislation will enable more people to live a life in our society where they participate and pay their fair share of premiums for their coverage in exchange for at least some degree of security in knowing that they will have health insurance to provide some protection against financial devastation.

In terms of their health care situation, they will still, as individuals, endure the anguish and the pain that comes from many physical and mental challenges which they may face. They will have that for the rest of their lives. We cannot pass any legislation to deal with that. But with this legislation, they will know that they will be able to at least obtain decent, quality health care and that they will not put in debt the members of their families and their loved ones with the extraordinary kinds of costs that may be attendant to the treatment of some of the illness and sickness.

That kind of relief from the anxiety and the anguish for our fellow citizens is enormously important. It does not show up on the bottom line of the expenditure column. But what it does do is it makes an extraordinary difference to our fellow citizens.

So, Mr. President, I welcome the opportunity to join with Senator KASSEBAUM and urge that we consider this legislation. I know from talking with her that we are prepared to do this in a timely way. We can enter into various agreements so that individuals who have special interests or concerns can make sure that they have a full opportunity for debate and consideration of these views, and then let the Senate work its will.

This is an extraordinary piece of legislation which includes the support of the chamber of commerce, the National Small Business United, the National Association of Manufacturers, the ERISA Industry Committee, the Association of Private Pension and Welfare Plans, and the National Governors' Association, the National Association of State Insurance Commissioners, the insurance companies in the Alliance for Managed Care, the American Medical Association, and the Consortium for Citizens with Disabilities. In fact, the only opposition comes from those who really profit from the abuses in the current system.

So, Mr. President, in the State of the Union Address, the President challenged Congress to pass this legislation. We are aware that there are some Senators who place these, what we call, ''holds'' on a bill in an attempt to kill it. They know if the legislation is brought to the floor of the Senate, it will pass overwhelmingly.

The only thing blocking action is the scheduling of the floor debate. So I join Senator KASSEBAUM in urging our leader to bring this to the floor. We welcome the opportunity to cooperate with him. With his responsibilities as the majority leader in scheduling different measures, we are glad to work out whatever agreement that is necessary. We are glad to speak to our colleagues. But we do think that it is time that we address this legislation. It is time to break the logjam. The American people deserve action, and they deserve it now.

Just finally, Mr. President—and then I will yield what remaining time we have on this side to the Senator from Texas—I hope that we might be able, as Senator KASSEBAUM has stated previously, to consider this legislation in a forum where we can have the focus and attention on this legislation.

The majority leader was extremely gracious in working out our job training program, which basically reorganizes the total training programs, involving billions and billions of dollars, and provides a reduction in total funding. But we worked that out in a matter of just hours, again, in a strong bipartisan way, after reporting the legislation out of our committee. I believe that in somewhat less than 8 or 10 hours, we were able to consider a few amendments and then take action.

With the kind of support we have for this, I think we can do it in a similar timeframe, although we are not interested in cutting off any legislation. But I hope that if we are not able to work that through, at least we would have an opportunity to raise this issue in the foreseeable future, if not as an independent measure, at least as an amendment to another piece of legislation. I agree with Senator KASSEBAUM that that would be a less desirable way to proceed, but I think we may be forced into that kind of situation.

This year Congress has the opportunity to end many of the most serious health insurance abuses that victimize millions of Americans every year. It is an opportunity we cannot afford to miss.

These abuses create endless unnecessary suffering. Millions of Americans are forced to pass up opportunities to accept jobs that would improve their standard of living or offer them greater opportunities because they are afraid they will lose their health insurance if they leave their current jobs. Many others have to abandon the goal of starting their own business, because insurance will be unavailable or unaffordable. Still others lose their health insurance because they become sick, or lose their job, or change their job—even when they have faithfully

paid their insurance premiums for many years.

The private health insurance market in the United States is deeply flawed. More than half of all insurance policies impose exclusions for preexisting conditions. As a result, insurance is often denied for the very illnesses most likely to require medical care. The purpose of such exclusions is reasonable—to prevent people from gaming the system by purchasing coverage only when they get sick. But current practices are indefensible. No matter how faithfully people pay their premiums, they often have to start again with a new exclusion period if they change jobs or lose their coverage.

Eighty-one million Americans have conditions that could subject them to such exclusions if they lose their current coverage. Sometimes, the exclusions make them completely uninsurable.

Not only do insurers impose exclusions for preexisting conditions on people who do not deserve to be excluded from the coverage they need, they can deny coverage to entire firms if one employee of the firm is in poor health. Sometimes, entire categories of businesses, with millions of employees, are redlined out of coverage. Even if a firm is in an acceptable category, coverage may be denied if someone in the firm—or a member of their family—is in poor health.

Even if people are fortunate enough to gain coverage and have no preexisting condition, their coverage can be canceled if they have the misfortune to become sick—even after paying premiums for years.

One consequence of the current system is job lock. Workers who want to change jobs to improve their careers or provide a better standard of living for their families must give up the opportunity because it means losing their health insurance. A quarter of all American workers say they are forced to stay in a job they otherwise would have left, because they are afraid of losing their health insurance.

I am proud to have joined Senator KASSEBAUM in introducing legislation that will address these problems effectively. The Kassebaum-Kennedy Health Insurance Reform Act is a health insurance bill of rights for every American and for every business as well.

The legislation contains many of the provisions from the 1994 health reform debate which received broad bipartisan support—such as increased access to health insurance, increased portability, protection of health benefits for those who lose their jobs or want to start their own business, and greater purchasing power for individuals and small businesses.

Those who have insurance deserve the security of knowing that their coverage cannot be canceled, especially when they need it the most. They deserve the security of knowing that, if they pay their insurance premiums for years, they cannot be denied coverage or be subjected to a new exclusion for a preexisting condition because they change jobs and join another group policy, or because they need to purchase coverage in the individual market. Business—especially small businesses—deserve the right to purchase health insurance for their employees at a reasonable price.

Our Health Insurance Reform Act addresses these fundamental flaws in the private insurance system. The bill limits the ability of insurance companies to impose exclusions for preexisting conditions. Under the legislation, no such exclusion can last for more than 12 months. Once someone has been covered for 12 months, no new exclusion can be imposed as long as there is no gap in coverage—even if someone changes jobs, loses their job, or changes insurance companies.

The bill requires insurers to sell and renew group health policies for all employers who want coverage for their employees. It guarantees renewability of individual policies. it prohibits insurers from denying insurance to those moving from group coverage to individual coverage. It prohibits group health plans from excluding any employee based on health status.

The portability provisions of the bill mean that individuals with coverage under a group health plan will not be locked into their job for fear that they will be denied coverage or face a new exclusive for a preexisting condition. The portability provisions will benefit at least 25 million Americans annually, according to the General Accounting Office. In addition, these provisions will provide greater security for the 131 million Americans currently covered under group health plans.

The bill will also help small businesses provide better and less expensive coverage for their employees. Purchasing cooperatives will enable small groups and individuals to join together to negotiate better rates in the market. As a result, they can obtain the kind of clout in the marketplace currently available only to large employers.

The bill also provides great flexibility for States to meet the objective of access to affordable health care for individuals who leave their group health plans.

During the debate on health reform in the last Congress, even the opponents of comprehensive reform urged Congress to pass at least the reforms that everyone supported—portability of coverage, guaranteed availability of coverage, and limitations on exclusion for preexisting conditions. These are exactly the provisions included in this bill.

The Health Insurance Reform Act is a modest, responsible, bipartisan solution to many of the most obvious abuses in the health insurance market place today. The bill was approved by the Senate Labor and Human Resources Committee last August by a unanimous vote of 16 to 0. It is now cosponsored by 40 Senators—20 Republicans and 20 Democrats. It is similar to proposals made by President Clinton in his recent balanced budget plan.

The measures it includes are also virtually identical to provisions of legislation offered by Senator DOLE in the last Congress. Sponsors range from the most conservative Members of the Senate to the most liberal—because these reforms represent simple justice. They are not issues of ideology or partisanship.

Support for the bill by outside groups is equally broad. Those who have expressed their support for the legislation include the Chamber of Commerce, National Small Business United, the National Association of Manufacturers, the ERISA Industry Committee, the Association of Private Pension and Welfare Plans, the National Governors' Association, the National Association of State Insurance Commissioners, the insurance companies in the Alliance for Managed Care, the American Medical Association, and the Consortium for Citizens with Disabilities.

In fact, the only opposition to this legislation comes from those who profit from the abuses in the current system.

In his State of the Union address, President Clinton challenged Congress to pass this bill. A few Senators have placed secret holds on the bill in an attempt to kill it. They know that if the legislation is brought to the floor of the Senate, it will pass overwhelmingly. The only thing blocking action is the scheduling of the floor debate.

So I join Senator KASSEBAUM in urging Majority Leader DOLE to bring this bill to the floor. It is time to break the log jam. The American people deserve action—and they deserve it now.

Mr. President, I yield whatever time remains to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas has 10 minutes.

Mrs. HUTCHISON. Thank you, Mr. President.

BALANCED BUDGET

Mrs. HUTCHISON. Mr. President, I thank the Senator from Massachusetts for yielding the rest of his time, because I want to talk about the very important issue that I think all Americans are looking at right now, and that is the balanced budget and what is going to happen here and what will be the result after we finish the negotiations.

The great philosopher, Yogi Berra, once said, ''When you come to a fork in the road, take it.''

We are at a fork in the road in this country, and I think the American people are beginning to see how very difficult it is when you have a President and Congress on very different tracks, on very different tracks about what they believe is the right course for our country.

We in Congress believe that we must change the direction of our country,

that we have been hurling, in deficits upon deficits upon deficits, our economy into oblivion.

So we promised in 1994 that we would change the way they do business in Washington, that we would stand firm for a balanced budget. And now we have put forward a very responsible plan to do exactly that.

Our balanced budget is over 7 years. Many of us go around the country talking about 7 years. Why 7 years? Why not 5 years? Why not 10 years? Would it be easier if it were 10 years?

Seven years is very important, because 7 years was what we reasonably believed we could achieve with numbers that we could estimate with a prediction that would be reasonable. We believe that we can predict over 7 years. Any more than that would be very hard.

There will be changes in Congress. Will there be the same commitment? Will the promises be the same? Those would be the questions if we went beyond 7 years.

Why not shorter? Why not 5 years? We believed that cutting spending and cutting the rate of growth of spending in such a drastic way might hurt our economy by causing a recession, having some sort of drastic impact. That is why we believed 7 years was achievable by slowing the rate of growth rather than cutting spending in such a harsh way that we might have a recession, but yet to be predictable. That is why 7 years.

Now we have the nugget of the problem. The nugget of the problem is what we are going to do with Medicare, Medicaid, welfare reform, and the tax cuts. I think you have heard people speaking on the floor in both Chambers of the Congress for the last few days about the tax cuts. Some people think they are terrible. Some people think it is awful to consider giving money back to the people who earned it. I do not subscribe to that theory, but it is one of the nuggets upon which the President and the Republicans in Congress disagree. So let us talk about these nuggets.

The President says we can come together on the numbers if we can just put aside welfare reform, Medicaid reform, and Medicare reform. I think the President of the United States knows that if you put aside those three items, you are not going to be able to talk about taking the first step to a balanced budget, because if you do not reform the two basic entitlements, Medicaid and welfare, you will not have a balanced budget.

It is not a matter of how much we spend, it is a matter of who makes the decisions. Is it going to be the Federal Government dictating to the States, or is it going to be the State's right to decide what is best for the people of that State and to have the money from the Federal Government without the strings so they can do it more efficiently? That is the only way it will work.

But the President believes that we must keep welfare and Medicaid with the Federal strings. He will not allow entitlement reform, and that is the crux of the disagreement between the President and Congress. We cannot set those things aside and have any predictability. So we are saying, give Medicaid to the States to produce their own programs in the most efficient way, and we are giving the President the ability to change our welfare system in a most responsible and unique way. And that is to turn it back to the States with very few strings, and the strings are that there will be limitations on how long an able-bodied person can receive welfare. It would be 18 months and a lifetime limitation of 5 years.

I know a number of people who are barely making ends meet. It is very important for these hard-working, taxpaying citizens to know that if they are going to work hard to do something for their families that they are not supporting people who can work but do not. Mr. President, that is the welfare reform package.

The President vetoed our welfare reform package, but we have not seen a substitute from the President. If he is going to take off the table that we would have entitlement reform, then we will not be able to have welfare reform because it will continue to grow out of control, just as it has for years in this country.

Tax cuts—that is the other major issue, that and Medicare reform. Let us talk about Medicare reform because that is the third piece of the reform package. We are trying to save the Medicare system. The President's own Cabinet officers have said publicly we start this year going into a deficit in our Medicare system. This year we will spend more than we take in, and we will use up the trust fund by the year 2002. Now, that is the fact.

So what can we do to save it? In fact, we are slowing the rate of growth of Medicare at an even slower rate of growth than the President presented himself in his own health care plan. We are going to save the Medicare system if the President will work with us. So far, he has refused to do that.

Now let us talk about tax cuts, the other issue upon which we disagree so strongly.

I think it is a legitimate question, why tax cuts when we are trying to bring down the deficit? It is all part of the package that would ease the impact on the economy. If we are going to slow the rate of growth of spending, that is going to have an impact on the economy. It is going to stop spending in some areas to which people have become accustomed. People who provide these services are going to get less.

So in order to ease that transition, we have decided to put money back in the system, not by more Government programs but by giving people back the money that they earned. We are letting them have the right to spend their money. And by allowing them to do that, we will spur the economy, where we have slowed it down in the slowing of the rate of spending. So we now have tax cuts that will go to the middle-income families of this country—a $500 per child tax credit. So a four-person family with two adults and two children will get $1,000 back in the mail. Now, that is going to help them be able to spend that money for their families.

Capital gains tax relief. We are trying to spur the economy by allowing people to sell assets and trade assets, and that is going to put more money into the economy. All of the economists agree on that. It will put money and investment into our capital, so that we will be able to have the jobs that that will create. We are going to spur jobs by having capital gains tax relief.

The third area is one that I have worked on since I came to the U.S. Senate, and that is equity for our homemakers in this country for their retirement security. We talk about the importance of the work done inside the home. Mr. President, I think the work done inside the home is more important than the work done outside the home. Yet, we say to a homemaker, ''You cannot set aside $2,000 a year like those who work outside the home are able to do.'' So the homemaker, who is sacrificing to stay home and raise children will have the added disadvantage of not having the security in retirement that can be built up with the full $2,000 set aside; or if the homemaker loses his or her spouse after 15 or 20 years of marriage, there he or she is without that security in his or her own name that would allow that security to be there for their futures.

Mr. President, that is why we have tax cuts, so that we can provide more of an incentive for people to save. We have a new IRA that would apply to homemakers, as well as those who work outside the home, so they could put money aside that will build up tax free, and when you take it out, you will not have to pay taxes on any of that income. Now, that will be a spur for retirement security for our seniors. When you put that incentive in, now you are going to have the ability for people to take care of themselves better in their retirement years. Mr. President, that will make for a more stable America.

So we are fighting for a strong and stable America. We are really fighting for what made this country strong in the first place. Strong families built this country. If we are able to give tax breaks to families and more incentives to save for retirement security, that is going to strengthen the American family. That is one of the good results of tax cuts and allowing people to spend more of their own money.

So, Mr. President, we are at a fork in the road and we have a choice. We are standing for getting this country back on the right road so that we will have a strong America and the opportunity that a strong America will give for our children.

Mr. President, that is what the budget fight is about. That is why it has been so difficult, because our vision for the future of our country may be the same as the President's vision, but our ways of getting there differ greatly.

We believe that the only way we can make our country strong again is to stand firm for a 7-year balanced budget, with help for our families, giving incentives to people to save and invest, and giving people back the money they worked so hard for. Mr. President, we are standing for the hard-working, taxpaying, middle-class people of this country that deserve a break, and we are trying to give it to them. That is what this impasse is all about.

Mr. President, I yield the floor.

Mr. CHAFEE. I ask unanimous consent that I may be permitted to proceed for 10 minutes as in morning business.

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

THE ''NORTH CAPE'' OILSPILL

Mr. CHAFEE. Mr. President, last Friday, January 19, the barge *North Cape* ran aground on a sandbar off the coast of my home State of Rhode Island. It is estimated that more than 800,000 gallons of No. 2 diesel heating oil aboard the barge spilled into Block Island Sound, making this the worst oilspill in Rhode Island's history.

Alarmingly, the *North Cape* is grounded 100 yards offshore of the Trustom Pond National Wildlife Refuge, an area set aside as an inviolate sanctuary for migratory birds. So far, oil has penetrated salt ponds in the refuge, and along the southern coast, including Point Judith Pond, an important spawning area for winter flounder. The spill's effect may continue to have adverse impacts on fish and wildlife now that oil has entered the natural food chain in the area.

The cost to my State's environment and economy will be steep. Already, more than 11,000 lobsters have been killed by the spilled oil. Their carcasses, and those of clams, starfish, and other sea creatures, litter southern Rhode Island beaches. The Fish and Wildlife Service has collected over 300 oil-logged birds, of which more than 100 are dead, and 1 dead seal. Sadly, volunteers keep bringing in more casualties.

Because Rhode Island relies heavily on its coastal resources, the financial toll of the spill is heavy. Governor Almond has declared a state of emergency and has requested Federal disaster relief. According to Timothy Keeney, director of the Rhode Island Department of Environmental Management, damage to marine industries ultimately could run into the tens of millions of dollars.

I wish I could say that Rhode Island is a stranger to oilspills. Unfortunately, as recently as 1989, the *World Prodigy* oil tanker ran aground on Brenton Reef and leaked 420,000 gallons of oil into Narragansett Bay. And there have been a number of other spills over the years.

A constant theme in these crises has been the generosity and sacrifice demonstrated in the response of Rhode Islanders. Their response to the current spill is no exception. Volunteers—as many as 500 a day—have been pitching in energetically: bathing waterfowl, cleaning beaches, donating paper towels. It is inspiring to see individuals band together in an effort to combat a potential environmental disaster.

In addition, local environmental and emergency-preparedness officials have dropped everything. Federal workers are giving their all. My hat is off to these Government workers; people like Joe Dowhan and Paul Casey of the Fish and Wildlife Service, and Charlie Hebert, our Rhode Island Refuge Manager, who spent the first 36 hours of the crisis on his feet. Our State owes a debt of gratitude to all who have rolled up their sleeves.

While the willingness of Rhode Islanders to respond to this spill has been the same as in years past, one thing is different this time around. That is the fact that there is in existence comprehensive Federal oilspill legislation, the Oil Pollution Act, which Congress enacted in 1990. While many questions remain to be answered about why the *North Cape* spill occurred, the provisions of OPA 90 ensured that advance planning had been undertaken to expedite the response to the disaster. The law will also ensure that parties injured by the spill will receive compensation.

OPA 90 established a new national planning and response system to provide for more expeditious and well-organized responses to oilspills wherever and whenever they might occur. The system relies on a host of groups of experts and agency officials at numerous levels, including a National Response Unit, Coast Guard strike teams, 10 Coast Guard district response groups, and area committees. This structure ensures that battle stations are manned with alacrity. The immediate deployment of booms and other barriers along the south county shoreline, to keep the oil from contaminating fragile habitat, speaks to the wisdom of having such a response system in place at all times.

Furthermore, OPA 90 is designed to make sure that the polluter pays. In the case of the *North Cape*, its owner, Eklof Marine, based in Staten Island, has laudably come forward to accept responsibility for this accident. The company has provided ships, manpower, and other resources to assist in the cleanup.

As for the fishermen and others whose livelihood and property have been harmed by the oil, OPA 90 entitles them to compensation for their economic losses. The act mandates that a vessel that discharges oil is liable for the costs of the ensuing cleanup and damages, including those caused by loss of profits or impairment of earning capacity.

The act also provides that the Government, acting as public trustee for injured natural resources, may seek damages to restore the resources. This means that damages would be available to restore the fish and wildlife in Rhode Island's sensitive coastal areas, including habitat within the national wildlife refuge.

OPA 90 establishes four other categories of damages for which compensation is provided:

First, owners of real or personal property may seek damages for any economic loss arising from destruction of their property.

Second, a person who relies on injured natural resources for subsistence may seek damages for injury to those resources.

Third, the Government may seek damages for loss of tax revenue resulting from the spill.

Fourth, the Government may seek damages for net costs of providing additional public services necessary during or after cleanup of the spill.

Moreover, OPA 90 requires vessel owners to demonstrate evidence of financial responsibility at least up to the amount of a statutory liability cap—in the case of the *North Cape*, $10 million. Should claims be denied or left unsatisfied by the responsible party, OPA expanded the list of items for which compensation may be sought from the Oil Spill Liability Trust Fund. The fund currently contains more than $1 billion. In contrast, the former Clean Water Act Fund designated for oilspill cleanup was nearly bankrupt at the time of the *World Prodigy* spill. The current fund thus acts as a real safety net that helps guarantee payment of all damages arising from a spill.

Stepping back for a moment, the oilspill in Rhode Island is a perfect example of the need for strong environmental regulations. Thank goodness for OPA 90. Without it, the State and Federal Government would have been ill-prepared to cope with an oilspill of this magnitude, taking place in such rough weather conditions. Without it, Fish and Wildlife Service officials charged with the care of fragile waterfowl habitat would see many of their hard-won gains eroded, possibly for good. Without it, the lobster fishermen of southern New England would be robbed of their livelihood.

Just this week, the Washington Post reported on the results of a survey just completed by Republican pollster Linda DiVall, which—once again, I should emphasize—found strong, bipartisan backing nationwide for Federal laws that protect the environment. Ms. DiVall concluded that, ''Attacking the Environmental Protection Agency is a nonstarter.'' We should be emphasizing the safeguarding of reasonable and balanced environmental protection done in a more efficient manner.

Just about everyone in Rhode Island—and, indeed, anyone who has

viewed the oily sheen covering Rhode Island waters on the nightly television news—would say that Ms. DiVall has it just right.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHAFEE. 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 PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

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

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

REPORT OF THE DEPARTMENT OF TRANSPORTATION FOR FISCAL YEAR 1994—MESSAGE FROM THE PRESIDENT—PM 112

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation:

To the Congress of the United States:

In accordance with section 308 of Public Law 97–449 (49 U.S.C. 308(a)), I transmit herewith the Annual Report of the Department of Transportation, which covers fiscal year 1994.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *January 25, 1996.*

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. COHEN:

S. 1525. A bill to amend title 18 of the United States Code to prevent economic espionage and to provide for the protection of United States proprietary economic information in interstate and foreign commerce, and for other purposes; to the Committee on the Judiciary.

By Mr. JOHNSTON:

S. 1526. A bill to provide for retail competition among electric energy suppliers, to provide for recovery of stranded costs attributable to an open access electricity market, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. GREGG.

S. 1527. A bill to amend the Internal Revenue Code of 1986 to treat recycling facilities as solid waste disposal facilities under the tax-exempt bond rules, and for other purposes; to the Committee on Finance.

By Mr. BRADLEY.

S. 1528. A bill to reform the financing of Senate campaigns, and for other purposes; to the Committee on Rules and Administration.

S.J. Res. 47. A joint resolution proposing an amendment to the Constitution to permit the Congress to limit contributions and expenditures in elections for Federal office; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. COHEN:

S. 1525. A bill to amend title 18 of the United States to prevent economic espionage and to provide for the protection of United States proprietary economic information in interstate and foreign commerce, and for other purposes; to the Committee on the Judiciary.

THE ECONOMIC ESPIONAGE AND PROTECTION OF PROPRIETARY ECONOMIC INFORMATION ACT OF 1995

Mr. COHEN. Mr. President, when France, Germany, Japan, and South Korea are included in a list of nations, we automatically assume that this must be a list of America's allies—our military and political partners since the end of the Second World War. Unfortunately, this is not only a list of America's trustworthy friends, it is also a list of governments that have systematically practiced economic espionage against American companies in the past—and continue to do so to this day.

The term ''espionage'' evokes images of the cloak-and-dagger side of the United States-Soviet confrontation in the cold war. Since the end of the East-West struggle, however, an equally damaging and pervasive form of spying has received increasing attention—the spying that nations undertake against foreign-owned corporations in order to give their own firms an advantage in the increasingly cut-throat world of international business.

Unlike the politico-military espionage of the cold war, economic espionage pits friendly nations against each other. Instead of military strategy and weapon technologies, the sought-after secrets in economic espionage are marketing strategies and production technologies. While the cost of politico-military espionage was reduced military security, and damage from economic espionage comes in the form of billions of dollars annually in lost international contracts, pirated products and stolen corporate proprietary information. The direct cost of this espionage is borne by America's international corporations. The indirect costs are borne by the American economy as a whole—jobs and profits are lost; the competitive edge is stolen away.

The 103d Congress adopted an amendment I sponsored requiring the President to submit an annual report on foreign industrial espionage targeted against U.S. industry.

The unclassified version of the President's first annual report, which is very understated compared to the classified version, acknowledged ''the post-cold-war reality that economic and technological information are as much a target of foreign intelligence collection as military and political information.'' The report goes on to state:

> In today's world in which a country's power and stature are often measured by its economic/industrial capability, foreign government ministries—such as those dealing with finance and trade—and major industrial sectors are increasingly look upon to play a more prominent role in their respective country's (economic) collection efforts. While a military rival steals documents for a state-of-the-art weapon or defense system, an economic competitor steals a U.S. companies proprietary business information or government trade strategies. Just as a foreign country's defense establishment is the main recipient of US defense-related information, foreign companies and commercially oriented government ministries are the main beneficiaries of US economic information. That aggregate losses that can mount as a result of such efforts can reach billions of dollars per year, constituting a serious national security concern.

According to Joseph Recci of the American Society for Industrial Security, ''American corporations are losing billions of dollars each year in valuable technology and proprietary information to foreign espionage.'' In a recent survey of Fortune 500 companies, the society notes that the number of corporations reporting that they have been victims of economic espionage has grown by 260 percent since 1985. Peter Schweizer, in his 1994 study of state-sponsored economic espionage, ''Friendly Spies,'' estimated that such espionage costs American business upwards of $100 billion annually.

This alarming trend in foreign corporate and state-sponsored economic espionage will continue in coming years. Intelligence agencies in industrialized nations have found themselves with a lot of time on their hands since the end of the cold war, and the governments of these nations have come to see economic competition as the new central threat to their national security. In testimony before the Senate Select Intelligence Committee earlier this year, then acting Director of Central Intelligence Adm. William Studeman predicted, ''the threat to U.S. economic interests will absolutely increase as foreign governments attempt to ensure the success of their companies.''

A few examples of actual cases should illustrate how pervasive the problem has become:

Pierre Marion, the former head of the French intelligence agency, the DGSE, has admitted that up to 15 hotel rooms of foreign business executives are broken into in Paris every day by DGSE agents. Proprietary papers are copied, and this information is then passed on to French companies to give them an edge in competition and negotiation.

Japanese, Korean, and German intelligence agents and corporations have

been known to recruit as spies midlevel managers and scientists at American high-technology corporations. In exchange for money, these Americans have provided the foreign agents with valuable trade secrets and formulas, destroying American companies' market leadership.

The foreign offices of American corporations are often subjected to wiretaps on their phones and infiltration of their foreign national staff by agents of the host country's intelligence service. American competitiveness, profits, and jobs are the cost.

I refer my colleagues to a statement I made on March 10, 1994—140 S 2731–38—for further examples of the foreign corporate and state-sponsored economic espionage that American firms face.

The United States has taken some steps to counter this pervasive problem, but action has been neither strong enough nor smart enough to make a real dent in foreign corporate and state-sponsored economic espionage in the United States and against Americans abroad. Admiral Studeman testified in January, ''the private sector's concerns about increasing signs of 'economic espionage' * * * are well founded. Despite the continuing necessity to protect sensitive sources and methods, more can and must be done against state-sponsored economic espionage.'' As the President's report delicately puts it: ''efforts across the government to investigate and counter economic and industrial intelligence collection activities were fragmented and uncoordinated * * * resulting in many partially informed decisions and diverging collection and analytical efforts.'' U.S. efforts, in plain English, are chaotic and largely ineffective, which is why I wrote last year's legislation requiring the President to report not only on the threat but also on how the Federal Government is organized to counter the threat and what changes in Federal organization and law could improve that effort.

In the closing days of the Bush administration, the Justice Department confirmed to me that legislation was required to improve law enforcement officials' ability to investigate and prosecute foreign industrial espionage. But it was not until this past year that Federal officials, after consulting with industry representatives, were able to identify for me specific legislative changes to accomplish this objective, and we have spent several months refining bill language.

I rise today, Mr. President, to offer the product of these efforts, the Economic Espionage and Protection of Proprietary Economic Information Act of 1995.

The act is designed to counter this threat by creating a criminal offense for engaging in foreign corporate or state-sponsored economic espionage. The bill also clarifies existing provisions of criminal statutes relating to stolen property and racketeering to make clear that they apply to foreign corporate and state-sponsored economic espionage. Finally, the bill punishes individuals and/or corporations found guilty of practicing foreign-sponsored economic espionage by fining them and banning them from import-export activity in the United States for 5 years following their conviction.

This bill has been carefully crafted in coordination with Federal law enforcement authorities and industry representatives. In establishing this criminal offense, the bill provides for those officials ordering the espionage to be held liable, as well as those who commit the act. It provides for forfeiture of any proceeds of and assets used in such espionage in accordance with the provisions of the Comprehensive Drug Abuse Prevention and Control Act of 1970. These provisions would apply to espionage committed outside the United States if committed by a U.S. citizen or if committed against an American and resulting in an affect in the United States. Finally, the bill would allow a court to take appropriate measures to ensure that protection of proprietary information during the prosecution of economic espionage cases.

Mr. President, it is imperative that the United States send a clear message to individuals and foreign governments and corporations—both our friends and our foes—that this country does not accept international corporate and state-sponsored economic espionage as a legitimate business practice. We must demonstrate our resolve to combat this unfair economic practice, regardless of who engages in it.

The free market system has been the source of America's prosperity and her world economic might. I ask you all to join me in supporting this legislation to fight a practice which is polluting the international free market and robbing our Nation's firms and workers of the success that their technological innovation and marketing know-how has earned them.

In a report entitled ''Economic Espionage: a Threat to U.S. Industry,'' the GAO stated the situation clearly: ''The loss of proprietary information and technology through espionage activity will have broadening detrimental consequences to both U.S. economic viability and our national security interests.''

I urge my colleagues to support the Economic Espionage Act to send a message to nations around the world that America will not tolerate unjust practices in international trade and the subverting of American firms' ability to compete fairly in the world marketplace.

By Mr. JOHNSTON:

S. 1526. A bill to provide for retail competition among electric energy suppliers, to provide for recovery of standard costs attributable to an open access electricity market, and for other purposes; to the Committee on Energy and Natural Resources.

THE ELECTRICITY COMPETITION ACT OF 1996

Mr. JOHNSTON. Mr. President, I am pleased today to introduce the Electricity Competition Act of 1996. This bill is intended to establish a framework for the transition of the electric industry from a regulated industry to a competitive, and deregulated, industry. Where markets are competitive, society should be saved the costs of unneeded regulation. America's electric system is the most technologically advanced and operationally safe electric system in the world. There is no doubt today that electric service can be supplied to all consumers—even retail consumers—in a fully competitive market.

Our goal then, should be to ensure that electricity markets will become competitive so that regulation will be unnecessary. Our goal must be to ensure price competition for electricity, which will create savings, efficiencies, and innovation.

This is not pie-in-the-sky economic theory. This bill will mean real savings for real people. For American families in the lowest 20-percent income bracket, a household's total utility bills are about equal to the total of mortgage/rent payments, taxes, and maintenance costs. Utility bills take slightly less of a middle-class family's disposable income, but the fact remains—a decrease in the average electric bill for the majority of middle-class Americans could achieve even greater benefits than a middle-class tax cut, without the drain on revenue which a tax cut would mean. We have the potential to gain these benefits, and we must seize this opportunity to do so.

There are six main elements of this legislation:

First, retail access. It's essential to clarify that the States are not preempted from ordering retail access. This clarification will enable the States to go forward with retail access programs without the fear of Federal preemption. Overlooking this clarification will bring years of litigation, impeding American consumers from receiving the benefits of lower electricity prices.

Second, stranded costs. When this industry moves from regulation to competition, there will be created what industry insiders refer to as ''stranded costs.'' This means the high costs of serving all customers under the old regulatory system, which cannot be recovered in a competitive market.

It is true that similar predicaments faced firms in other once regulated markets—railroads, airlines, natural gas, and telecommunications, for instance. But the electric utility industry is completely unique, and therefore, we must account for this difference.

First, the electric industry transition cannot take the same course as deregulatory efforts in other industries due to the staggering capital requirements necessary to generate electricity. The electric industry is the most capital intensive industry by far. The Edison

Electric Institute [EEI] estimates that for every dollar of electricity revenue, on average, $3.03 of capital assets is required. This is almost twice the amount of capital necessary for the next highest industry—mining, $1.74 and, three times higher than the communications industry—$1.09. Moodys Investors Service estimates that 87 of the largest investor owned utilities could lose $135 billion in stranded investment in the next 10 years. This is more than 80 percent of the total equity of these companies. Make no mistake about it. If we force the utilities to eat stranded costs, we will have a bankrupt industry.

Second, the vast majority of potential stranded costs—nuclear generation and alternative energy contracts under the Public Utility Regulatory Policies Act of 1978 [PURPA]—are the direct result of past Government energy policies. One analyst estimates that stranded cost potential for the nuclear industry is about $70 billion. This is just under two-thirds of the book value of the Nation's 108 nuclear operating plants. In addition, EEI estimates that PURPA contracts have committed utilities to pay at least $38 billion above market prices. Cambridge Energy Research Associates has estimated that standard costs attributable to PURPA in California alone are between $6.6 billion and $10.8 billion.

The old regulatory compact almost guaranteed recovery of the costs of Government energy policies. With competition, however, the market—not regulators—determines cost recovery. It is simply unfair to leave utilities holding the bag for the energy policies of the past.

It is clear that we need a healthy utility industry. One analyst surveying utility executives found that 50 percent of them believed that utility bankruptcies would increase in the near future. Under competition there will remain a very important role for utilities to serve core customers, including poor and rural customers. Many customers will want to stay with a traditional company, or will not shop for their electricity. Also, the market is best served by having many different players compete, including utilities. Because of the important role these companies play, the public interest is not served if utilities go bankrupt.

The final reason for stranded cost recovery is the legitimate expectation of investors. Utility investors stand to lose billions of dollars if stranded costs are not recovered. Who are these investors? Not Wall Street sharks—they are ordinary citizens who considered utility stocks to be a safe investment. According to an EEI survey of shareholder demographics, the majority of utility investors are of retirement age, or are approaching retirement age. The economic effect on these investors of stranded cost losses must not be forgotten.

We must encourage utilities to embrace competition. To do this, we must ensure that all costs incurred under the old regulatory compact are fully recovered in the transition to competition. Competition in this industry must be on a level playing field.

Recovery of all stranded costs is imperative. The Federal Energy Regulatory Commission has taken the lead on wholesale stranded cost recovery, and has done a great job. I believe FERC has the authority to also permit recovery of retail stranded costs, but it is essential that we clarify this authority through legislation. It is important to mandate that FERC ensure recovery of legitimate, prudent and verifiable retail stranded costs—only to the extent those costs slip through the cracks at the retail level. I would note that the Nuclear Regulatory Commission, which is primarily a licensing commission, certainly does not have the authority to require recovery of nuclear investments or nuclear decommissioning costs.

In short, if we do not enact legislation ensuring stranded cost recovery, most utilities will be reluctant to embrace competition. If we do not enact legislation, the transition to competition and lower electricity prices will be slower. If we do not enact legislation, corporate risk becomes unmanageable, and bankruptcies may occur. This is not in the public interest.

The third aspect of the bill is shared Federal and State responsibility. This bill respects the historical jurisdictional divide over the electric industry. The bill gives States the opportunity to structure their retail markets with programs suited to their local situations. Yet, the bill still holds State programs to one key Federal benchmark: competition. This gives a broad Federal policy ensuring competition, but leaves implementation to the States.

This bill would require States to begin proceedings to examine their local markets. States have three choices.

No. 1: set up a competitive wholesale procurement market.

No. 2: establish a program of retail access for all consumers; or

No. 3: devise their own program, as long as it ensures no self dealing and no unfair subsidies to alternative energy generators.

Utilities who aren't regulated by FERC or State PUC's would be required to make similar decisions. Also, States which are already in the process of moving forward with their own competitive programs would not have to start all over again.

The bill establishes a balanced framework. The Federal/State jurisdiction issue is a fine line to walk. Some will say the States should be given unfettered authority. Others will say that competition cannot wait, and that a federally mandated competitive market cannot come soon enough. In my view, a balanced policy which respects traditional federalism is the best policy.

Fourth, we have to establish a timetable for the transition to competition. We need a date certain when retail access will be the law of the land, although that may be some years down the road. A definite timetable for restructuring would remove this uncertainty. The timetable in the bill—2010—recognizes the need for the States to implement their own competition programs, and for the industry to get comfortable with retail competition.

Fifth, we must have a level playing field, and this means PURPA reform and repeal of the Public Utility Holding Company Act.

The bill provides for prospective PURPA reform. Utilities relied on the old regulatory system, and their legitimate expectations of recovery should be respected. The same is true for the contractual expectations of non-utility generators. Reform of PURPA is therefore appropriate on a prospective basis.

I believe PUHCA repeal is also essential even though it is not a part of this bill. I am the cosponsor of a bill with Senator D'AMATO and others which is currently before the Senate Banking Committee. The goal of that legislation is to put all electric utility companies on a level playing field, and to remove regulatory barriers which are no longer appropriate. I believe PUHCA repeal, with certain consumer protections, can go forward on a stand alone basis, but must be a part of comprehensive restructuring.

Sixth, the bill ensures nuclear decommissioning cost recovery, which is essential for the protection of public health and safety. Nuclear decommissioning costs are an extremely large percentage of many utilities' embedded costs. Several utilities have estimated their decommissioning liability to be in the billions of dollars. The law of the land should be that all nuclear decommissioning costs are recoverable. Moreover, no nuclear licensee should be able to avoid decommissioning liability.

This Nation cannot afford to miss this opportunity. This legislation is needed to avoid a patchwork of state policies, to bring competition to consumers on a rational timetable, and to standardize stranded cost recovery. It is essential that we make this commitment now, and set competition in motion. Every year, every month, every day that we lose debating the fine points of this transition means a loss of prosperity for this Nation. We are now fighting tooth and nail in a global economy where every dollar counts. Accordingly, this legislation is essential.

We all know that competition and deregulation have lowered prices in the national economy. What may not be so apparent is the huge ripple effect which lower electricity prices will create America. Consider these figures:

Some 90 percent of the U.S. gross domestic product is produced by the residential, commercial and industrial sectors. These sectors use 99.9 percent of

the Nation's electricity, and yet account for only 34 percent of the Nation's oil consumption The other 10 percent of the Nation's GDP—transportation—uses 66 percent of the Nation's oil. In many ways, electricity is overwhelmingly more important to America's economy than oil.

America recently spent $262 billion on electricity in 1 year. The data suggest that electricity consumption is almost three times the amount spent on the next highest commodity, natural gas. Also, electricity consumption is almost four times the amount spent on unleaded gasoline.

In addition, the economy has become increasingly dependent on electricity. Between 1973 and 1993 the U.S. industrial sector grew 70 percent. Industrial electricity use increased 45 percent during that time period, while combustible fuel use declined 12 percent.

This trend is expected to continue. The Energy Information Administration estimates that by the year 2010, 60 percent of all industrial, commercial, and residential fuel use will be consumed by utilities to generate electricity in order to meet electricity demand. In contrast, in 1973, only about 30 percent of all fuel use for these purposes went to generate electricity.

As these statistics demonstrate, changes in electricity prices have profound economic consequences. Lower electricity prices mean more jobs, more economic output, and more personal income. States with the lowest electricity prices are the most likely to attract new businesses and jobs.

The benefits of lowering electricity prices are staggering. Technological changes have enabled new generators to produce electricity at a price between 3 and 5 cent/kWh. However, costs in some regions of the Nation are anywhere between 9 and 15 cents/kWh. That's at least a factor of two, and at the most, a factor of five between regional delivered electricity prices. Considering that electricity makes up about 30 percent of production costs for steel manufacturing, to give an example, you can see that lower electricity prices will have a significant impact.

From this point forward, competition must be the electric industry standard. This bill will accomplish that goal.

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

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

S. 1526

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

SECTION. 1. SHORT TITLE.

This Act may be cited as the ''Electricity Competition Act of 1996.''

SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) The term ''affiliate'' means, with respect to a person, any other person that controls, is controlled by, or is under common control with such person.

(2) The term ''Commission'' means the Federal Energy Regulatory Commission.

(3) The term ''electric consumer'' has the meaning given the term in section 3(5) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602(5)).

(4) The term ''electric utility'' has the meaning given the term in section 3(4) of the Public Utility Regulatory Policies Act of 1978 (16. U.S.C. 2602(4)).

(5) The term ''Federal agency'' has the meaning given the term in section 3(7) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602(7)).

(6) The term ''new contract electricity'' means electric energy or capacity which is sought to be procured from a party other than the purchaser for a period exceeding 60 days.

(7) The term ''new generating source'' means electric generating capacity requirements, planned to be acquired by construction, which cannot be met from existing resources or entitlements, and which may be met through procurement of electric capacity.

(8) The term ''new renewable electric generation'' means electric generation from solar, wind, waste, biomass, hydroelectric or geothermal resources constructed after the enactment of this Act.

(9) The term ''nonregulated retail electric utility'' means any retail electric utility other than a State regulated retail electric utility.

(10) The term ''person'' has the meaning given the term in section 3(4) of the Federal Power Act (16 U.S.C. 796(4)).

(11) The term ''qualifying cogeneration facility'' has the meaning given the term in section 3(18)(B) of the Federal Power Act (16 U.S.C. 796(18)(B)).

(12) The term ''qualifying cogenerator'' has the meaning given the term in section 3(18)(C) of the Federal Power Act (16 U.S.C. 796(17)(D)).

(13) The term ''qualifying small power producer'' has the meaning given the term in section 3(17)(D) of the Federal Power Act (16 U.S.C. 796(17)(D)).

(15) The term ''retail electric utility'' means any person, State agency, or Federal agency which makes retail sales of electric energy to the public or distributes such energy to the public.

(16) The term ''State'' means a State admitted to the Union or the District of Columbia.

(17) The term ''State agency'' has the meaning given the term in section 3(16) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602(16)).

(18) The term ''State regulated retail electric utility'' means any retail electric utility with respect to which a State regulatory authority has ratemaking authority.

(19) The term ''State regulatory authority'' means any State agency which has ratemaking authority with respect to the rates of any retail electric utility (other than such State agency), and in the case of a retail electric utility with respect to which the Tennessee Valley Authority has ratemaking authority, such term means the Tennessee Valley Authority.

(20) The term ''unbundled local distribution services'' means local distribution services which are offered by the seller of such services without the requirement that the purchaser of such local distribution services also purchase electric energy as a condition of the purchase of such local distribution services.

SEC. 3. PURPA REFORM.

(a) DEFINITION.—For purposes of this section the term ''facility'' means a facility for the generation of electric energy or an addition to or expansion of the generating capacity of such a facility.

(b) FACILITIES.—Section 210 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 824a–3) shall not apply to any facility which begins commercial operation after the effective date of this Act, except a facility for which a power purchase contract entered into under such section was in effect on the effective date of this Act.

(c) CONTRACTS.—After the effective date of this Act, no electric utility shall be required to enter into a new contract or obligation to purchase or sell electric energy pursuant to section 210 of the Public Utility Regulatory Policies Act of 1978.

(d) SAVINGS CLAUSE.—Notwithstanding subsections (b) and (c), nothing in this Act shall be construed:

(1) as granting authority to the Commission, a state regulatory authority, electric utility, or electric consumer, to reopen, force the renegotiation of, or interfere with the enforcement of power purchase contracts or arrangements in effect on the effective date of this Act between a qualifying small power producer and any electric utility or electric consumer, or any qualifying cogenerator and any electric utility or electric consumer; or

(2) to affect the rights and remedies of any party with respect to such a power purchase contract or arrangement, or any requirement in effect on the effective date of this Act to purchase or to sell electric energy from or to a qualifying small power production facility or qualifying cogeneration facility.

SEC. 4. COMPETITIVE ELECTRICITY PROCEEDINGS.

(a) STATE REGULATORY AUTHORITIES.—

(1) COMPETITIVE OPTIONS.—Not later than six months after the date of enactment of this Act, each state regulatory authority not exempted from this section by section 7 shall initiate proceedings applicable to all state regulated retail electric utilities in the State to examine and consider—

(A) requirements which establish competitive electricity procurement markets that meet the minimum requirements of section 5 of this Act;

(B) a retail access plan which requires all state regulated retail electric utilities in the State to provide nondiscriminatory and unbundled local distribution services to all electric consumers of such state regulated retail electric utilities, in order that such electric consumers may choose among competing electric energy suppliers by January 1, 2002; and

(C) an alternative plan which meets the minimum requirements of section 6.

(2) CRITERIA.—In selecting among competitive options under paragraph (1), each state regulatory authority not exempted from this section by section 7 shall determine which option best serves the public interest, considering reliability, terms of service, and price.

(3) DECISION AND IMPLEMENTATION.—Not later than 18 months after the date of enactment of this Act, each state regulatory authority not exempted from this section by section 7 shall—

(A) select a competitive option provided for in paragraph (1) based on the proceedings required under this subsection; and

(B) render a decision by rule or order adopting such competitive option; and

(C) begin implementation of such competitive option not later than 60 days after rendering such a decision.

(b) NONREGULATED RETAIL ELECTRIC UTILITIES.—

(1) COMPETITIVE OPTIONS.—Not later than six months after the date of enactment of this Act, each nonregulated retail electric utility not exempted from this section by section 7 shall examine and consider, or

where applicable, initiate proceedings to examine and consider—

(A) procedures for the acquisition of new contract electricity and new generating sources by such nonregulated retail electric utility which meet the minimum requirements of section 5;

(B) a retail access plan which provides nondiscriminatory and unbundled local distribution services to all electric consumers of such nonregulated retail electric utility, in order that such electric consumers may choose among competing electric energy suppliers by January 1, 2002; and

(C) an alternative plan which meets the minimum requirements of section 6.

(2) CRITERIA.—In selecting a competitive option under paragraph (1), each nonregulated retail electric utility not exempted from this section by section 7 shall determine which option best serves the public interest, considering reliability, terms of service, and price.

(3) DECISION AND IMPLEMENTATION.—Not later than 18 months after the date of enactment of this Act each nonregulated retail electric utility not exempted from this section by section 7 shall—

(A) select a competitive option provided for in paragraph (1) based on the examination and consideration required under this subsection;

(B) provide public notice of such selection; and

(C) begin implementation of such competitive option not later than 60 days after providing such notice.

SEC. 5. PROCUREMENT MARKETS.

(a) APPLICABILITY.—

(1) Requirements or procedures to be established by a state regulatory authority or nonregulated retail electric utility pursuant to this section may apply to all or part of the new contract electricity and new generating sources to be procured by state regulated retail electric utilities within the State or, in the case of a nonregulated retail electric utility, to all or part of the new contract electricity and new generating sources to be procured by such nonregulated retail electric utility.

(2) If a state regulatory authority or nonregulated retail electric utility establishes requirements or procedures pursuant to this section that apply to only a part of the new contract electricity and new electric generating capacity to be procured by state regulated retail electric utilities within the state or, in the case of a nonregulated retail electric utility, to only a part of the new contract electricity and new generating sources to be procured by such nonregulated retail electric utility, such state regulatory authority or nonregulated retail electric utility must ensure that any other method of procuring new contract electricity and new generating sources meets the requirements for an alternative plan pursuant to section 6.

(b) MINIMUM REQUIREMENTS.—Requirements or procedures to be established by a state regulatory authority or nonregulated retail electric utility pursuant to this section shall, at a minimum—

(1) apply to all or part of the new contract electricity or new generating sources to be procured by the state regulated retail electric utilities within the State after the effective date of requirements adopted pursuant to section 4(a)(1)(A), or in the case of a nonregulated retail electric utility, to all or part of the new contract electricity or new generating sources to be procured by such nonregulated retail electric utility after the effective date of procedures adopted pursuant to section 4(b)(1)(A);

(2) provide for public notice, by electronic bulletin board, electronic trading system, or otherwise, of the purchaser's offer to acquire new contract electricity or new generating sources;

(3) provide an appropriate and reasonable time for interested suppliers to respond to the notice of the purchaser's offer to acquire, by electronic bulletin board, electronic trading system, or otherwise, considering the size and complexity of the offer to acquire;

(4) provide that no source or supplier of new contract electricity and new generating sources is excluded from competing to supply such new contract electricity or new generating source;

(5) provide that the purchaser is not excluded from supplying new electric generating capacity to itself, and that any affiliate of the purchaser is not excluded from supplying new contract electricity or new electric generating capacity to the purchaser;

(6) provide selection of the lowest cost supplier that otherwise meets the terms and conditions of the offer, consistent with reliability; and

(7) permit the purchaser to rescind or modify the offer at any time prior to the execution of a contract to supply electric energy.

SEC. 6. ALTERNATIVE PLANS.

(a) STATE REGULATORY AUTHORITIES.—

(1) Any alternative plan adopted by a state regulatory authority must ensure that any state regulated retail electric utility within the state may not unduly discriminate in favor of its own sources of generation supply, or in favor of its affiliate's sources of generation supply, or engage in other forms of self dealing that could result in above market prices to consumers; and

(2) Notwithstanding section 10, any alternative plan adopted by a state regulatory authority shall ensure that any above market costs of new renewable electric generation are allocated on a non-discriminatory basis to all electric consumers of all state regulated retail electric utilities within the State, in order that no such electric consumer or class of such electric consumers is required, without its express consent, to subsidize the costs of such new renewable electric generation to the advantage of any other such electric consumer or class of such electric consumers.

(b) NONREGULATED RETAIL ELECTRIC UTILITIES.—Any alternative plan adopted by a nonregulated retail electric utility must ensure that such nonregulated retail electric utility does not unduly discriminate in favor of its own sources of generation supply, or engage in other forms of self dealing that could result in above market prices to consumers.

SEC. 7. EXEMPTIONS.

(a) STATE REGULATORY AUTHORITIES.—A state regulatory authority shall be exempt from the requirements of section 4(a) if such state regulatory authority, as of the date of enactment of this Act—

(1) has adopted requirements which establish competitive electricity procurement markets that meet the minimum requirements of section 5 of this Act; or

(2) has adopted a retail access plan which requires all state regulated retail electric utilities in the State to provide nondiscriminatory and unbundled local distribution services to all electric consumers of such regulated retail electric utilities, in order that such electric consumers may choose among competing electric energy suppliers by January 1, 2004.

(b) NONREGULATED RETAIL ELECTRIC UTILITIES.—A nonregulated retail electric utility shall be exempt from the requirements of section 4(b) if such nonregulated retail electric utility, as of the date of enactment of this Act—

(1) has adopted procedures for its acquisition of new contract electricity and new generating sources which meet the minimum requirements of section 5; or

(2) has adopted a retail access plan which provides nondiscriminatory and unbundled local distribution services to all electric consumers of such nonregulated retail electric utility, in order that such electric consumers may choose among competing electric energy suppliers by January 1, 2004.

(c) CERTIFICATION.—If a State regulatory authority or nonregulated retail electric utility intends to attain exempt status under this section, it shall certify its intention by public notice no later than six months after the enactment of this Act. Such notice shall specify the grounds upon which the exemption is asserted. The notice shall constitute a final decision of the state regulatory authority or nonregulated retail electric utility for purposes of section 9.

(d) VOLUNTARY RETAIL ACCESS.—Any state regulated retail electric utility shall be exempt from any requirement imposed under sections 4, 5, or 6(a)(1) if such state regulated retail electric utility has filed a tariff for nondicriminatory and unbundled local distribution services, approved by its state regulatory authority, which provides such local distribution services to all electric consumers of such state regulated retail electric utility, in order that such electric consumers may choose among competing electric energy suppliers.

SEC. 8. MANDATORY RETAIL ACCESS.

(a) EFFECTIVE DATE.—Beginning on January 1, 2010, no retail electric utility shall prohibit any electric consumer from purchasing nondicriminatory and unbundled local distribution service or otherwise prohibit such electric consumers from choosing among competing electric energy suppliers.

(b) ENFORCEMENT.—If a State, state regulatory authority, or retail electric utility fails to comply with the requirements of this section, any aggrieved person may bring an action against such person or persons to enforce the requirements of this section in the appropriate federal district court, which court may grant appropriate relief.

SEC. 9. REVIEW AND ENFORCEMENT.

(a) STATE AUTHORITY.—Notwithstanding any other provision of this section, neither the Commission nor any court of the United States shall have jurisdiction to review the selection by a state regulatory authority or a nonregulated electric utility of a competitive option that meets the requirements of sections 4(a)(1)(B), 4(b)(1)(B), 5, and 6. Appeal from such a decision may be taken in accordance with applicable state law.

(b) COMMISSION REVIEW.—(1) Any person aggrieved by—

(A) a final order of a state regulatory authority or a nonregulated retail electric utility under section 4 or 7, or

(B) the failure of a state regulatory authority or nonregulated retail electric utility to initiate a proceeding or render a final decision in accordance with section 4 or 7—

may petition the Commission to enforce the requirements of sections 4(a)(1)(B), 4(b)(1)(B), 5, and 6.

(2) In any proceeding under this section, the Commission may:

(A) determine—

(i) whether the requirements or plan adopted by a state regulatory authority or nonregulated retail electric utility under sections 4(a)(1)(B), 4(b)(1)(B), 5, and 6 complies with the requirements of this Act, or

(ii) whether any action taken by the state regulatory authority or nonregulated retail electric utility to implement the requirements or plan complies with the requirements of this Act; and

(B) grant appropriate relief.

(c) REHEARING AND APPEAL.—Section 313 of the Federal Power Act shall apply to orders

of the Commission issued pursuant to this section.

SEC. 10. RENEWABLE ELECTRIC GENERATION.

Except as provided in subsection 6(a)(2), nothing in this Act shall be construed to prohibit:

(1) a State from encouraging the production of renewable electric generation under applicable State law; or

(2) the voluntary purchase of renewable electric generation by any electric utility or electric consumer.

SEC. 11. AMENDMENTS TO FEDERAL POWER ACT.

(a) TRANSMISSION ACCESS.—Section 212(h) of the Federal Power Act (16 U.S.C. 824k(h)) is amended by striking the following:

''Nothing in this subsection shall affect any authority of any State or local government under State law concerning the transmission of electric energy directly to an ultimate consumer.'',

and inserting in lieu thereof:

''Notwithstanding the other provisions of this subsection, the Commission may order, or condition orders upon, the transmission of electric energy to an ultimate consumer if the delivery of such electric energy would be accomplished through the provision of unbundled local distribution services under sections 4(a)(1)(B), 4(b)(1)(B), 7(a)(2) or 7(d) of the Electricity Competition Act of 1996.''.

(b) RETAIL ACCESS AND STRANDED COSTS.—The Federal Power Act is amended further by adding the following new sections after section 214.

''SEC. 215. STATE AUTHORITY TO ORDER RETAIL ACCESS.

''Nothing in this Act shall preclude a state regulatory authority, acting under authority of state law, from requiring an electric utility to provide local distribution service to any electric consumer.

''SEC. 216. AUTHORITY TO PROVIDE FOR STRANDED COSTS.

''(a) DEFINITIONS.—For purposes of this section—

''(1) the term 'utility' shall include any public utility, transmitting utility or electric utility;

''(2) the term 'stranded cost' shall be defined by the Commission, and shall include any legitimate, prudently incurred and verifiable cost previously incurred by a utility in order to provide service to an electric consumer, which cost:

(A) is not being, and except as provided in this section would not otherwise be, recovered in rates; and

(B) the utility has made reasonable attempts to mitigate.

''(b) AUTHORITY.—Notwithstanding any other provision of law, in determining or fixing rates, charges, terms and conditions under sections 205 and 206 of this Part, the Commission shall provide for the recovery of all stranded costs incurred by any utility transmitting or distributing electric energy not sold by such utility or any of its affiliates (which electric energy is sold to a customer and serves load of such customer previously served in whole or in part by such utility), included costs incurred to serve such customer not fully recovered at the time such distribution or transmission service is undertaken.

''(c) UNBUNDLED LOCAL DISTRIBUTION.—In acting pursuant to subsection (b) when determining or fixing rates subject to its jurisdiction, the Commission shall permit the recovery of all stranded costs to the extent a State or State regulatory authority requiring the provision of unbundled local distribution service has not permitted the recovery of all such costs in rates or lacks the authority under State law to permit such recovery.

''(d) LIMITATION.—The Commission shall have authority to determine or fix rates or charges under sections 205 and 206 for the provision of unbundled local distribution service by a utility solely as necessary to permit the recovery of stranded costs in accordance with this section.

''SEC. 217. RECIPROCITY.

''No retail electric utility or any affiliate of such utility may sell electric energy to or for the benefit of an ultimate consumer if the delivery of such electric energy will be accomplished through the provision of unbundled local distribution service under sections 4(a)(1)(B), 4(b)(1)(B), 7(a)(2), 7(b)(2) or 7(d) of the Electricity Competition Act of 1996.''.

SEC. 12. NUCLEAR DECOMMISSIONING COSTS.

To ensure safety with regard to the public health and safe decommissioning of nuclear generating units, the Commission, and all state regulatory authorities, shall authorize and ensure the recovery in rates subject to their respective jurisdictions, of all costs associated with federal and state requirements for the decommissioning of such nuclear generating units.

SEC. 13. AMENDMENTS TO BANKRUPTCY REFORM ACT.

Section 503(b) of the Bankruptcy Reform Act of 1978, 11 U.S.C. 503(b), is amended by adding at the end of the following new paragraph:

''(7) costs incurred in complying with Nuclear Regulatory Commission regulations or orders governing the decontamination and decommissioning of nuclear power reactors licensed under section 103 or 104b. of the Atomic Energy Act of 1954, 42 U.S.C. 2133 and 2134(b), regardless of whether such costs are reduced to a fixed amount.''.

By Mr. GREGG:

S. 1527. A bill to amend the Internal Revenue Code of 1986 to treat recycling facilities as solid waste disposal facilities under the tax-exempt bond rules, and for other purposes; to the Committee on Finance.

THE ENVIRNONMENTAL INFRASTRUCTURE FINANCING ACT OF 1996

● Mr. GREGG. Mr. President, I introduce the Environmental Infrastructure Financing Act of 1996. The bill will amend the Internal Revenue Code of 1986 to allow recycling facilities to be eligible for tax-exempt bond financing.

A continuing problem in the development of recycling efforts is the need for markets for the materials that are being collected. Processes exist for remanufacturing the recycled materials into new products, but they frequently require extensive capital investment.

An approach that is often attempted is the use of the Federal tax-exempt bond program, which does have a subcategory for solid waste projects. Solid waste recycling facilities should constitute a legitimate application of these funds; however, certain sections of the tax code define solid waste as being ''material without value.'' With recycled materials now being traded as commodities they do, in fact, have value, making the facilities which might process them ineligible for tax-exempt financing. This definitional problem impedes the construction of recycling facilities and hurts the development of recycling materials markets.

My bill will correct this problem in the tax code and allow recycling facilities to obtain tax-exempt financing. The Environmental Infrastructure Financing Act of 1996 will foster the further development of the recycling industry and promote increased recycling on the State and local level.●

By Mr. BRADLEY:

S. 1528. A bill to reform the financing of Senate campaigns, and for other purposes; to the Committee on Rules and Administration.

S.J. Res. 47. A joint resolution proposing an amendment to the Constitution to permit the Congress to limit contributions and expenditures in elections for Federal office; to the Committee on the Judiciary.

CAMPAIGN FINANCE REFORM LEGISLATION

Mr. BRADLEY. Mr. President, I rise to speak about the role of money in politics, and its consequences. I rise also to introducing a legislative proposal—a constitutional amendment and a bill—to free democracy from the power of money.

Mr. President, last fall a man approached me in New Jersey. He said, ''Senator, I worked at this place, in one job, for 22 years, In that 22 years, three different companies owned the place. In not one of the three companies did I vest for a pension, because none of them owned the place long enough. So I am now retiring, after 22 years of working here, without a pension, at all.''

A woman came up to me on my annual walk along the Jersey Shore and said, ''six months ago, my husband lost his job. Two months ago, I lost my job. We have three children and now we have no health insurance. I went to our pediatrician and he said if the kids get sick, he'll take care of them but Senator, this is America, and you shouldn't have to have a friendly pediatrician in order to get health care for your kids.''

In California, a white-collar worker named Ron Smith who lost his job at McDonnell-Douglas 2 years ago told a journalist how his sense that he was ''starting to lose my grip'' feeds into the divisiveness that is tearing our country apart: ''I get angry, and a lot of anger is coming out,'' he said. ''I'm blaming everyone, minorities, aliens coming across the border. I don't know how much truth there is to it. I mean, I don't think there are any planners and engineers coming across the border. [But] it hurts when you go to an interview and you know damn well you can do the job, and you know they are looking at you and thinking, 'Forget it.'''.

In the last 7 years, 100,000 people lost their jobs with GE, 60,000 at IBM, 40,000 at Sears. The merger of Chase Manhattan with Chemical Bank will mean the loss of 12,000 jobs. And AT&T just announced that they will eliminate 40,000 more jobs, most of them this year.

My colleague Senator BIDEN recently told me that at the Hercules Corp.'s research center outside Wilmington, the downsizing has accelerated and become

brutal. When employees arrive at their office building on Monday morning, they know that they have been fired when they see a Pinkerton security man standing outside their office door. Usually he tells them that he's sorry and he knows they've worked hard for 22 years, but could they please have their desk cleaned out by noon—and if they don't mind, he'll stand at the door, because the company doesn't want to take the chance that the computer system will be sabotaged. On Mondays at the Hercules Center, no one carpools, because it is impossible to predict who will be going home at noon.

The heavy footsteps of downsizing, relocation, part-time jobs, temp jobs, middle age without health care and retirement without a pension may be near or still distant, but they are heard in every home. People are working harder for less. In 1973 the average production, nonsupervisory wage was $315. In 1994 it was $256. That's about 70 percent of workers. During the first 6 months of 1993, the Clinton administration announced that 1.3 million jobs had been created, to which a TWA machinist replied, ''Yeah, my wife and I have four of them.'' And indeed, over half of the newly created jobs were part time.

For all but the fabulously wealthy, the idea that working hard can lead to a secure future, a chance to provide a better life for your children, and an adequate retirement is slipping away. I hear this fear everywhere: Among the urban working poor, in suburban living rooms, at factory gates, and among engineers with Ph.D.'s and 30 years of experience with large, still-profitable corporations.

The most painful part of it for me as someone who entered politics with a belief that government could make people's lives better and more secure, is that the political process seems deaf, almost willfully deaf, to the economic anxieties of nonwealthy Americans. Instead of using public power to balance the excesses of private power and enhance opportunity, too many politicians continue playing the proverbial fiddle while the lives of working people become more desperate.

Democrats and Republicans both march along the well-worn paths of symbolic politics, waving flags labeled ''welfare,'' ''crime,'' and ''taxes'' to divide Americans and win elections. Republicans cling to the illusion that government is the problem—even the enemy of freedom—and that less government and free markets will automatically relieve the fears of working Americans. Democrats cling to old programs, like worker retraining, without ever stopping to ask whether those programs are actually working to change lives for the better or whether jobs are available for the workers we're training.

The political process is paralyzed. Democracy is at a standstill. The budget stalemate is only the latest headline. The Federal Government has not been able to act decisively and with public consensus behind it in years. On health care, on taxes, on creating jobs, on reforming welfare, we have been at continual deadlock.

Democracy is paralyzed not just because politicians are needlessly partisan. The process is broken at a deeper level, and it won't be fixed by replacing one set of elected officials with another, any more than it was fixed in 1992 or 1994. Citizens believe that politicians are controlled: by special interests who give them money, by parties which crush their independence, by ambition for higher office that makes them hedge their position rather than call it like they really see it, and by pollsters who convince them that only the focus group phrases can guarantee them victory. Citizens affected by the choices we have to make about spending and regulation simply don't trust that the choice was made fairly or independently, or in some cases even democratically. They doubt that the facts will determine the result, much less the honest convictions of the politicians. Voters distrust government so deeply and so consistently that they are not willing to accept the results of virtually any decision made by this political process.

Tell people in my State of New Jersey as I did in 1989–90 that the Tax Reform Act of 1986 reduced their Federal taxes by $1 billion a year and they don't believe you because their State and local tax increases offset the reduction. It's gotten to the point that I've had constituents call on the phone to ask how I voted on a particular bill. When my office tells them that the vote hasn't occurred yet, they don't believe you because a radio talk show host who hadn't done his homework said otherwise. For at least 6 years, since the repeal of the catastrophic care legislation in 1989, through the erosion of environmental laws, to the failure of health care reform and the backlash against the crime bill last year and the budget this year, every major step government has taken has been jeopardized by this mistrust, by a deep and widespread conviction that politicians are acting is their own individual interests rather than acting as honest representatives of the democratic will. There are several reasons for this phenomenon, but one of them is money.

Those who think it's just a matter of perception that politics is driven by money should consider the following facts:

In House-Senate negotiations over reform of telecommunications laws, which are still in progress, one large telephone company, Ameritech, appears to have won a special provision allowing it to build a monopoly in the burglar and fire alarm business, while its competitors are prohibited from entering that industry. Ameritech's PAC gave almost half a million dollars last year in 600 separate contributions to hundreds of Members of Congress of both parties, primarily those on committees with jurisdiction over its industry.

Another company, Golden Rule Insurance, Inc., gives over $900,000 in PAC money and soft money contributions to Members of Congress, and hundreds of thousands more to organizations affiliated with Speaker GINGRICH. In return, the company wins endorsement of medical savings accounts, an insurance product that only Golden Rule offers and which would cost the Treasury $4 billion, as a centerpiece of the Republican Medicare reform.

Lobbyists for big corporate contributors sit in the offices of congressional leaders and write the legislation to repeal a century's worth of environmental protections.

New Members of the congressional majority, while billing themselves as reformers, collect on average more than $60,000 from Washington-based political action committees in just the first 6 months in office, a year and a half before they seek reelection. Some take more than $100,000 in their first days.

State legislatures, where most politicians get their start and which others treat as a modest, part-time contribution to citizenship, have been taken over by the same forces of money that captured Congress. State legislative races now routinely cost what congressional races used to cost. In New Jersey last year, State Senate candidates spent a record $8 million on 80 races, most of which were not competitive contests. Illinois Assembly and Senate candidates raised $49 million, $2.4 million of it from out-of-State interests, such as gambling companies that seek licenses and new markets.

I have cited more examples involving the new Republican majority than Democrats not because they are uniquely corrupt, but because these incidents are more recent, and money apparently flows to the winners when power shifts. While these abuses are not new, the amounts involved and the level of conflict seem to multiply every few years, with this year's congressional freshmen taking twice as much money from PAC's right away than the freshmen who came to office in 1993. I saw one estimate that said that, in total, at all levels of government in 1996, nearly $1 billion would be spent.

So the story becomes clear. Economic anxiety eats away at people who work in America. Government fails or refuses to respond. Voters develop a profound and unyielding mistrust of the legislative process. Legislators, including some of those posing as reformers, surrender their offices and their consciences to corporate lobbyists and big contributors with narrow interests to protect. Or, if they maintain their integrity, as many do, they still have to swim in dirty water which makes it even more difficult to stay clean. And amid biennial promises of change, nothing ever changes.

It's a story Americans have heard before. It's the story of the late 19th century, the era of the spoils system and recurrent scandal, when politics became hostage to the money power of Wall Street financiers, railroads, and industrialists, when each Senator was virtually the property of whichever magnate had engineered his appointment. It was a time when Washington was dominated by endless debates about the tariff—a dispute between wealthy financiers and wealthy manufacturers—quite willfully ignoring the economic plight of the vast majority of Americans who were farmers, miners, and factory workers, or women and African-Americans prohibited from voting. The theologian Walter Rauschenbusch wrote of that time that ''In political life one can constantly see the cause of human life pleading long and vainly for redress, like the widow before the unjust judge. Then suddenly comes the voice of property, and all men stand with hat in hand.''

Our Nation's history demonstrates that the conduct of democracy is not an abstraction. When politics becomes hostage to money, as it did in the late 19th century, and as it increasingly is today, people suffer. Neither economic opportunity nor economic security is given the place it deserves in our national ambitions. There is still a very tangible relationship between the level of opportunity and security available to every American family and the extent to which we can keep our democracy secure and separate from the force of money.

The late 19th century was the last time, until now, that America's prosperity failed to translate into higher wages and increased security for American workers. Teddy Roosevelt called the moneymen of politics, ''the gloomy anticipations of our gold-ridden, capitalist-bestridden, userer-mastered future.'' But the path to a better 20th century rested on four progressive principles: Universal suffrage; direct election of Senators; initiative and referendum to give the people a direct check on policy; and campaign finance reform. Although Theodore Roosevelt proposed that ''Congress provide an appropriation for the proper and legitimate expenses of each of the great national parties [and] no party receiving campaign funds should accept more than a fixed amount from any individual,'' only modest disclosure requirements were adopted at the time.

Until we had radically reformed our democracy, to take it away from the Goulds and Vanderbilts and give it back to the people, we could not become the kind of nation that protected seniors from abject poverty, that protected children from abuse, that respected the heritage of the land. But, over time, the failure to complete action on that last reform, on the role of money in politics, became a more glaring omission. As the television replaced the Grange hall, the saloon, or the town square as the central forum for public debate, money became an ever more important factor in who ran for office and who was elected. Today we see people spend $28 million to run for the Senate, a President raising $44 million for a primary campaign that doesn't exist, and individuals contributing hundreds of thousands of dollars to campaigns by funneling them through the various State parties.

Many accomplished and capable people are right now considering whether to become candidates for the House and Senate. They should be asking themselves, ''Can I work hard enough to do a good job?'' or ''Do I have new ideas that would benefit my constituents?'' Instead, they are wondering ''Can I find a thousand individuals and PAC's willing to give me almost a million dollars?'' and ''Is there an interest group willing to spend a lot of money to defeat my opponent?''

Money not only determines who is elected, it determines who runs for office. Ultimately, it determines what government accomplishes—or fails to accomplish. Under the current system, Congress, except in unusual moments, will inevitably listen to the 900,000 Americans who give $200 or more to their campaigns ahead of the 259,600,000 who don't.

Real reform of democracy, reform as radical as those of the progressive era, and deep enough to get government moving again, must begin by completely breaking the connection between money and politics. It must eliminate all the interested money—that is, money with strings attached, from all congressional races.

We have to start by understanding what has happened to past efforts to free politics from the grip of money. Three profound misconceptions have led to the demise of every recent proposal to reform campaign finance.

The first misconception is constitutional. The Supreme Court in 1976, in the case of Buckley versus Valeo, held that a rich man's wallet is no different than a poor man's soapbox. Restrictions on total campaign spending, and on wealthy individuals using their own money to buy an office, were held to be equivalent to restrictions on free speech. Even reformers who found this logic absurd have felt it necessary to tiptoe around the Supreme Court, building elaborate contraptions of incentives and voluntary spending limits rather than risking the Court's wrath by simply declaring it illegal to buy a seat in the House or Senate, with your own money or someone else's. On something as crucial to democracy as the role of money in elections, a role that has destructively expanded every year I have been in the Senate, the Constitution is the place to fix the thwarting of the people's will.

The second misconception is similar, but runs deeper. It is rooted in a failure to understand that democracy and capitalism are separate parts of the American dream, and that keeping that dream alive depends on keeping one from corrupting the other. Speaker GINGRICH, for example, has accused those who advocate spending limits of ''nonsensical socialist analysis based on hatred of the free enterprise system.'' He has compared the $600 million spent on congressional elections with the $300 million spent to advertise three new antacids, and concluded that politics is underfunded. GINGRICH is not the only person who holds this view, but he makes the sharpest accusations. I would respond by saying that I have no hatred for the free enterprise system, but it is not the same as democracy. Market share is not political power. Democracy and civil society have a different ethic from the marketplace. Democracy requires calm and thoughtful deliberation, and a willingness to accept losing in a fair process, and civil society proceeds from a belief that giving without expectation of return is the highest human gift. Both ethics are much different from the frenetic quest for market share and profit.

The third misconception is that different sources of money in politics are more or less corrupting than others. When politicians write what they call campaign finance laws they try to protect their own sources of funding while cutting off those sources that primarily go to their opponents. Thus the endless hairsplitting between political action committees, individual contributors, personal wealth of candidates, soft money, and independent expenditures. Some proposals even draw distinctions among various types of political action committees, banning some and protecting others.

The result, Mr. President, has been legislative proposals that tiptoe around actually limiting spending on campaigns; that claim to reduce corruption but don't challenge the idea that money should decide elections; and that draw endless distinctions among different types of money. If any of these proposals became law, they would make very little difference. But the biggest problem with these tortured, hairsplitting, incremental approaches is that voters can't understand them. They don't see, just as I don't see, how these bills would actually fix what's wrong with democracy. As a result, there are no consequences for politicians who block these proposals, so that even incremental reforms never pass, even when they appear to have momentum.

To free our democracy from the power of money, I believe we have to start with two straightforward principles:

First, money is not speech. A rich man's wallet does not merit the same protection as a poor man's soapbox.

Second, all interested money in politics is potentially corrupting. Whether it comes from an individual, a PAC, or a candidate's own investments, it sometimes comes with strings attached, and limiting one source will only open up others. Money in politics

is like ants in the kitchen. You have to close every hole, or they will find a way in.

Today I want to present a specific legislative proposal that builds a realistic structure for a new era in American democracy around these basic principles.

I would start by amending the Constitution simply to clarify that political money is not speech. I will put forward an amendment that would give every State and the U.S. Congress explicit authority to limit spending in campaigns and contributions from any sources. Such an amendment, or a reconsideration by the Court of its decision in Buckley, would be an essential underpinning of any real reform.

I have supported few constitutional amendments during my time in public life, and I have been especially skeptical of those that sought to limit rights. However, I am convinced that this amendment would protect rights by strengthening democracy. It would not limit the first amendment, but would clarify that the right to buy an election is not a form of freedom of expression.

We should also consider the possibility that our current system of campaign finance is as deeply unconstitutional as any reform might be. Years ago the Court outlawed so-called white primaries, in which the white voters who controlled Democratic parties in southern States met to decide who their candidate would be. Today we have a wealth primary, where wealthy contributors determine who has the opportunity to run for office and who we have a chance to vote for. This amendment would eliminate the wealth primary and give every American an opportunity not only to run for office but to vote for who they want to.

With the constitutional misconception out of the way, I would start from scratch. This proposal would focus on Senate elections, but would provide a model for elections to the House, State legislatures, governorships, or even the handling of referenda. I would give the citizens of each State direct control over how much money would be spent in their State's elections. I would say to each taxpayer, in each State, you have an opportunity to give from $1 to $5,000 per year, but only to a campaign in your State. You would contribute it by adding it to your tax liability and sending the checks with your tax return. But you would be contributing to the election campaign, not to a candidate. All the money would go into a shared fund, and every Senate election year, on Labor Day, the candidates would take the fund and divide it equally among all qualified candidates—Republican, Democrat, or qualified independent.

Outside of the money from the common fund, Senate candidates could not raise or spend any money from PAC's, individual donors, the party, or their own pocketbooks to further their candidacy. If the voters and taxpayers concluded that they liked the level of information and advertising they got from a $20 million campaign—if they agreed with Speaker GINGRICH, in other words—they could choose that kind of election. If they wanted a cheaper election they could choose that option by their votes on the tax return.

To ensure that all candidates have an opportunity, an equal opportunity, to reach all voters, I would reclaim part of the public airwaves as a public forum. Every broadcast licensee, radio or television, would be required as a condition of licensing to provide 2 hours of free time to every candidate, 1 hour in prime time, in units of at least 1 minute. The airwaves are public property. They now offer the closest thing we have to a shared culture and a common forum for discussion of ideas. That forum should not be available only to the highest bidder. We have not only a right to insist that broadcasters provide that space, but a responsibility to ensure that the public's airspace is used in the interest of rebuilding democracy.

Who would be a qualified candidate, eligible to receive money from the common fund and broadcast time? Any party that had received 10 percent of the vote in the previous two Senate elections would automatically qualify once it selected a candidate. Independent candidates and new parties would be required to obtain signatures of 5 percent of all eligible voters in the State, but once they qualified, the candidates and their ideas would be treated equally. A candidate who refused to participate in at least one debate would be completely shut out—he could not participate in the shared fund or raise money separately.

Candidates seeking the nomination of a major party would not receive funds or broadcast time for the primary, and would be permitted to raise private funds. But they would be required to raise 100 percent of those funds in contributions of $100 or less.

That's it. For the general election there would be no PAC's. No private contributions from wealthy individuals. No bundling of contributions from the executives of a company to evade PAC limits. No money from out of State. No candidates using their own funds. No refusal to debate. All the sources of potential corruption in the current system would be cut off. Speech would be protected; money would be restricted.

This proposal won't sound like anything we've heard before. It will take people a while to get used to it. Some people will worry that there won't be enough money for good campaigns. But if that is so and the people are less informed, that will be their choice. No longer will special interests control it. But keep in mind that TV and radio accounts for about 50 percent of the cost of campaigns. With free broadcast time, the money which will be cut, if voters choose a low-budget campaign, would be the money that candidates spend on polling, consultants, gifts, and the rest. The process of providing information to voters would more than likely be protected, but then again, if it decreases, it will be the citizens' choice.

Other people will be offended at the idea of contributing to democracy, rather than to a candidate. Some people said to me, ''I don't want my money to be shared with Senator HELMS?'' or ''Why should I contribute to Senator KENNEDY?'' That's a fair concern. But as things now stand, an incumbent can raise as much as $17 million, $10 million more than even a well-funded opponent. Putting that incumbent and his or her opponents on a level playing field is far more important than the $1,000 that any of us, as an individual, can give to either candidate in that race. If you have the strength of your convictions, there is no reason to fear a fair fight.

Others will say that the proposal helps incumbents, but incumbents have an even bigger financial advantage in the present system and they are defeated regularly. Besides, if doing your job well helps you get reelected, who can criticize it?

Finally, still others may note that I have supported public financing of campaigns in the past and this is not exactly public financing. Indeed, it is not public financing. It does not take taxpayer dollars and provide them to political campaigns. It is not public financing, but it is public control of elections. As long as voters mistrust politicians as they do, we're not going to get past the skepticism about public financing. We have to rebuild that trust first, and I think that giving voters control of campaigns is the way to do it.

I believe there is a deep hunger for this kind of reform. I have been very impressed by the energy of activists at the State level, who are using one breakthrough in democracy—the initiative and referendum—to break down the barriers to another, campaign finance reform. Never before have we seen so much grassroots activity on the issue of campaign finance reform. In 1994, ballot initiatives won in Missouri, Oregon, and Montana, as well as the District of Columbia in 1992. And, so far, we can expect in 1996 initiatives in Maine, California, and Alaska, Arkansas, and Colorado. Other States where groups are considering initiative drives include Wisconsin, Nebraska, South Dakota, and Illinois. The initiatives on the ballot this year are radical and serious. Whether they emphasize modest public financing or limiting contributions to $100, they are big, uncompromised reforms that would go a long way toward freeing State legislatures from the grip of moneyed interests. I consider those State activists my partners in this reform proposal, and I believe they deserve to have a proposal on the table in Washington that is as radical, as serious, and as real as what people are talking about in the States.

Many politicians and academics may focus on what they see as the worst possible outcome of this proposal: that voters, given control, might choose to sharply cut back the amount of money available in campaigns. Indeed, they seem to be contributing less in the Presidential checkoff. But if that happens, the worst consequence would be a resurgence of door-to-door campaigning, of politicians listening instead of polling, and of campaigns led by candidates and their ideas rather than consultants and their focus-group-tested messages. In other words, the system would adjust in what could very well be a way that reinvigorates citizen participation. To argue against changing the status quo that everyone knows compromises democracy is a terribly pessimistic position. Now is the time to be bold.

At its best, however, I believe that giving voters control over campaigns will be enough to return democracy to the people, freeing it from the power of money. It could restore confidence and faith in the legitimacy of democratic decisionmaking, freeing both Congress and the Presidency from the cycle of gridlock, action, and backlash. Ultimately, it will free our democracy to do what it can do when it works well: use the power of government to build a structure of economic security and economic opportunity for all American families.

Mr. President, I ask unanimous consent that a summary of the proposal along with the text of both the constitutional amendment and the Senate Campaign Finance Reform Act be included in the RECORD.

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

S. 1528

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 ''Senate Campaign Finance Reform Act of 1996''.

SEC. 2. SENATE ELECTION CAMPAIGN FINANCING.

(a) AMENDMENT OF THE FEDERAL ELECTION CAMPAIGN ACT OF 1971.—The Federal Election Campaign Act of 1971 is amended by adding at the end the following new title:

''TITLE V—SENATE ELECTION CAMPAIGN FINANCING

''SEC. 501. SENATE CAMPAIGN FINANCING.

''No Senate candidate or authorized committee of a Senate candidate shall accept any contribution with respect to a general election or make any expenditures with respect to a general election except as provided in this title.

''SEC. 502. REQUIREMENTS FOR RECEIPT OF BENEFITS.

''(a) ELIGIBLE SENATE CANDIDATE.—For purposes of this title, a Senate candidate is an eligible Senate candidate if the candidate files a declaration with the Secretary of the Senate under penalty of perjury stating that—

''(1) the candidate agrees in writing to participate in at least 2 debates, sponsored by a nonpartisan or bipartisan organization, with all other candidates for that office who are receiving payments under this title;

''(2) the candidate and the candidate's authorized committees will not accept any contribution with respect to a general election or make any expenditure with respect to a general election except from funds provided under this title;

''(3) the candidate and the authorized committees of such candidate did not accept contributions, or make expenditures, for the primary or runoff election in excess of the limitations under subsection (b); and

''(4) the candidate and the authorized committees of such candidate—

''(A) will deposit all payments received under this title in an account insured by the Federal Deposit Insurance Corporation from which funds may be withdrawn by check or similar means of payment to third parties; and

''(B) will furnish campaign records, evidence of contributions, and other appropriate information to the Commission.

''(b) PRIMARY AND RUNOFF EXPENDITURE AND CONTRIBUTION LIMITATIONS.—The requirements of this subsection are met if—

''(1) the candidate and the candidate's authorized committees have not received contributions from any individual for the primary or runoff election which in the aggregate exceed $100;

''(2) all contributions received by the candidate and the candidate's authorized committees are from individuals; and

''(3) the candidate and the candidate's authorized committees did not make expenditures for the primary or runoff election in excess of 50 percent of the total amount that will be available to all candidates in the State for the general election under section 504(b) (based on the State's estimate of the total amount made 30 days prior to the date of the primary or runoff election).

''(c) TIME FOR FILING.—The declaration under subsection (a) shall be filed not later than 7 days after the earlier of—

''(1) the date the candidate qualifies for the general election ballot under State law; or

''(2) if, under State law, a primary or runoff election to qualify for the general election ballot occurs after September 1, the date the candidate wins the primary or runoff election.

''SEC. 503. CERTIFICATION BY COMMISSION.

''(a) REQUEST.—Each eligible Senate candidate seeking to receive benefits under this title shall submit a request to the Commission, at such time and in such manner as the Commission may require in regulations, containing—

''(1) a copy of the declaration filed pursuant to section 502(a);

''(2) such additional information as the Commission may require in regulations; and

''(3) a verification signed by the candidate and the treasurer of the principal campaign committee of such candidate stating that the information furnished in support of the request is correct and fully satisfies the requirements of this title.

''(b) CERTIFICATION.—

''(1) ISSUANCE.—Not later than 48 hours after a Senate candidate files a request with the Commission to receive benefits under this title, the Commission shall—

''(A) issue a certification to each candidate who satisfies the requirements of section 502;

''(B) calculate the amount of payments to which such candidate is entitled pursuant to section 504; and

''(C) transmit notification of the certification to the Secretary of the Senate.

''(2) REVOCATION.—The Commission shall revoke such certification if the Commission determines a candidate fails to continue to satisfy the requirements of section 502.

''(c) DETERMINATIONS BY COMMISSION.—All determinations (including certifications under subsection (b)) made by the Commission under this title shall be final and conclusive, except to the extent that they are subject to judicial review under section 505.

''SEC. 504. BENEFITS ELIGIBLE SENATE CANDIDATES ENTITLED TO RECEIVE.

''(a) USE OF FREE BROADCAST TIME.—

''(1) IN GENERAL.—Each eligible Senate candidate shall be entitled to free broadcast time as provided under section 315A of the Communications Act of 1934.

''(2) BROADCAST DURATION.—Free broadcast time shall be used in segments of not less than 1 minute.

''(b) GENERAL ELECTION CAMPAIGN FINANCING.—

''(1) AMOUNT OF PAYMENTS.—(A) Each eligible Senate candidate in a State shall receive a payment for the general election in an amount equal to the State share divided by the number of eligible Senate candidates in the State.

''(B) For purposes of this paragraph, the term 'State share' means, with respect to a State, the sum of—

''(i) 50 percent of the funds in the Senate Election Campaign Fund which are attributable to donations from taxpayers from such State and which remain in the fund after the last election for the office of United States Senator in that State, and interest allocable to such portion, plus

''(ii) 50 percent of the funds in the Senate Election Campaign Fund which are attributable to donations from taxpayers from such State after such election and before the 2d calendar year preceding the calendar year of the election, and interest allocable to such portion, plus

''(iii) 100 percent of the funds in the Senate Election Campaign Fund which are attributable to donations from taxpayers from such State during the 2 calendar years preceding the calendar year of the election, and interest allocable to such portion.

''(C) For purposes of this paragraph, donations made to the Senate Election Campaign Fund which are included with an income tax return for a taxable year under section 6097 of the Internal Revenue Code of 1986 shall be treated as made on the last day of the calendar year in which the taxable year ends.

''(2) FREE BROADCAST TIME.—Free broadcast time provided pursuant to subsection (a) shall not be used in calculating the amount a candidate is entitled to receive under this subsection.

''SEC. 505. JUDICIAL REVIEW.

''(a) JUDICIAL REVIEW.—Any agency action by the Commission made under this title shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court not later than 30 days after the agency action by the Commission for which review is sought. It shall be the duty of the Court of Appeals, ahead of all matters not filed under this title, to advance on the docket and expeditiously take action on all petitions filed pursuant to this title.

''(b) APPLICATION OF TITLE 5.—The provisions of chapter 7 of title 5, United States Code, shall apply to judicial review of any agency action by the Commission.

''(c) AGENCY ACTION.—For purposes of this section, the term 'agency action' has the meaning given such term by section 551(13) of title 5, United States Code.

''SEC. 506. PARTICIPATION BY COMMISSION IN JUDICIAL PROCEEDINGS.

''(a) APPEARANCES.—The Commission is authorized to appear in and defend against any action instituted under this section and under section 505 either by attorneys employed in its office or by counsel whom it may appoint without regard to the provisions of title 5, United States Code, governing appointments in the competitive service,

and whose compensation it may fix without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title.

''(b) INSTITUTION OF ACTIONS.—The Commission is authorized, through attorneys and counsel described in subsection (a), to institute actions in the district courts of the United States to seek recovery of any amounts determined under this title to be payable to the Secretary of the Treasury.

''(c) INJUNCTIVE RELIEF.—The Commission is authorized, through attorneys and counsel described in subsection (a), to petition the courts of the United States for such injunctive relief as is appropriate in order to implement any provision of this title.

''(d) APPEALS.—The Commission is authorized on behalf of the United States, to appeal from, and to petition the Supreme Court for certiorari to review of, judgments or decrees entered with respect to actions in which it appears pursuant to the authority provided in this section.

''SEC. 508. PAYMENTS RELATING TO CANDIDATES.

''(a) ESTABLISHMENT OF CAMPAIGN FUND.—

''(1) ESTABLISHMENT.—There is established on the books of the Treasury of the United States a special fund to be known as the 'Senate Election Campaign Fund'.

''(2) APPROPRIATIONS.—(A) There are appropriated to the Fund for each fiscal year, out of amounts in the general fund of the Treasury not otherwise appropriated, amounts equal to any contributions by persons which are specifically designated as being made to the Fund.

''(B) The Secretary of the Treasury shall, from time to time, transfer to the Fund an amount not in excess of the amounts described in subparagraph (A).

''(C) Amounts in the Fund shall remain available without fiscal year limitation.

''(3) AVAILABILITY OF FUNDS.—Amounts in the Fund shall be available only for the purposes of making payments required under this title.

''(4) ACCOUNTS.—The Secretary of the Treasury shall maintain such accounts in the Fund as may be required by this title or which the Secretary of the Treasury determines to be necessary to carry out this title.

''(b) PAYMENTS UPON CERTIFICATION.—Upon receipt of a certification from the Commission under section 503, the Secretary of the Treasury shall promptly pay the amount certified by the Commission to the candidate out of the Senate Election Campaign Fund.

''(c) MANAGEMENT OF FUND.—The provisions of section 9602 of the Internal Revenue Code of 1986 shall apply to the Senate Election Campaign Fund.

''SEC. 507. REPORTS TO CONGRESS; REGULATIONS.

''(a) REPORTS.—

''(1) REQUIREMENT.—The Commission shall, as soon as practicable after each election, submit a full report to the Senate setting forth—

''(A) the expenditures (shown in such detail as the Commission determines appropriate) made by each eligible Senate candidate and the authorized committees of such candidate;

''(B) the amounts certified by the Commission under section 503 as benefits available to each Senate candidate; and

''(C) the balance in the Senate Election Campaign Fund, and the balance in any account maintained by the Fund.

''(2) PRINTING.—Each report submitted pursuant to this section shall be printed as a Senate document.

''(b) RULES AND REGULATIONS.—The Commission is authorized to prescribe such rules and regulations, in accordance with the provisions of subsection (c), to conduct such examinations and investigations, and to require the keeping and submission of such books, records, and information, as it deems necessary to carry out the functions and duties imposed on it by this title.

''(c) STATEMENT TO SENATE.—Not later than 30 days before prescribing any rule or regulation under subsection (b), the Commission shall transmit to the Senate a statement setting forth the proposed rule or regulation and containing a detailed explanation and justification of such rule or regulation.''.

(b) PROVISIONS TO FACILITATE VOLUNTARY CONTRIBUTIONS TO SENATE ELECTION CAMPAIGN FUND.—

(1) GENERAL RULE.—Part VIII of subchapter A of chapter 61 of the Internal Revenue Code of 1986 (relating to returns and records) is amended by adding at the end the following:

''Subpart B—Designation of Additional Amounts to Senate Election Campaign Fund

''Sec. 6097. Designation of additional amounts.

''SEC. 6097. DESIGNATION OF ADDITIONAL AMOUNTS.

''(a) GENERAL RULE.—Every individual (other than a nonresident alien) who files an income tax return for any taxable year may designate an additional amount which is not less than $1 and not more than $5,000 to be paid over to the Senate Election Campaign Fund established under section 508 of the Federal Election Campaign Act of 1971.

''(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made for any taxable year only at the time of filing the income tax return for the taxable year. Such designation shall be made on the page bearing the taxpayer's signature.

''(c) TREATMENT OF ADDITIONAL AMOUNTS.—Any additional amount designated under subsection (a) for any taxable year shall, for all purposes of law, be treated as an additional income tax imposed by chapter 1 for such taxable year.

''(d) INCOME TAX RETURN.—For purposes of this section, the term 'income tax return' means the return of the tax imposed by chapter 1.''.

(2) CONFORMING AMENDMENTS.—(A) Part VIII of subchapter A of chapter 61 of such Code is amended by striking the heading and inserting:

''PART VIII—DESIGNATION OF AMOUNTS TO ELECTION CAMPAIGN FUNDS

''Subpart A. Presidential Election Campaign Fund.

''Subpart B. Designation of additional amounts to Senate Election Campaign Fund.

''Subpart A—Presidential Election Campaign Fund''.

(B) The table of parts for subchapter A of chapter 61 of such Code is amended by striking the item relating to part VIII and inserting:

''Part VIII. Designation of amounts to election campaign funds.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1995.

(c) AMENDMENT OF COMMUNICATIONS ACT OF 1934.—Title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.) is amended by inserting after section 315 the following new section:

''FREE BROADCAST TIME FOR SENATE CANDIDATES

''SEC. 315A. (a)(1) Notwithstanding section 315, a licensee shall make available 2 hours of free broadcast time to each eligible Senate candidate (as defined in section 502 of the Federal Election Campaign Act of 1971) in each State within its broadcast area. The licensee shall make at least 1 hour of the free broadcast time available during a prime time access period.

''(2) A licensee shall make free broadcast time available pursuant to this section during the period beginning on the date that is 90 days before the date of a general election or special election for the Senate and ending on the day before the date of the election.

''(3) As used in this subsection, the term 'prime time access period' means the time between 7 p.m. and 10 p.m. of a weekday.

''(b) An appearance by a Senate candidate on a news or public service program at the invitation of a broadcasting station or other organization that presents such a program shall not be counted toward time made available pursuant to subsection (a).

''(c)(1) A licensee shall make available free broadcast time in accordance with this subsection to any eligible Senate candidate (as defined in section 502 of the Federal Election Campaign Act of 1971) in each State within its broadcast area if—

''(A) broadcast time was made available by the licensee and the payment for such time constituted an independent expenditure (as defined in section 301(17) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(17)); and

''(B) such independent expenditure was in opposition to, or on behalf of an opponent of, such eligible Senate candidate.

''(2) A person who reserves broadcast time the payment for which would constitute an independent expenditure within the meaning of section 301(17) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(17)) shall—

''(A) inform the licensee that payment for the broadcast time will constitute an independent expenditure; and

''(B) inform the licensee of the names of all candidates for the office to which the proposed broadcast relates.

''(3) Free broadcast time under this subsection shall be provided within a reasonable period of time after the broadcast time constituting the independent expenditure described in paragraph (1), and shall be for the same class and amount of time, and during the same period of the day, as such broadcast time.''.

SEC. 3. SOFT MONEY OF POLITICAL PARTIES.

(a) LIMITATIONS ON POLITICAL PARTY COMMITTEES.—Title III of the Federal Election Campaign Act of 1971 is amended by inserting at the end the following new section:

''POLITICAL PARTY COMMITTEES

''SEC. 324. (a) LIMITATIONS ON NATIONAL COMMITTEES.—(1) A national committee of a political party, including the congressional campaign committees of a political party, and any entity that is established, financed, maintained, or controlled by a national committee of a political party, including the national congressional campaign committees of a political party, and any officer or agents of such party committees or entity, shall not solicit or accept contributions or transfers not subject to the limitations, prohibitions, and reporting requirements of this Act.

''(2) Any amount solicited, received, expended, or disbursed directly or indirectly by a national, State, district, or local committee of a political party during a calendar year which might affect the outcome of a Federal election shall be subject to the limitations, prohibitions, and reporting requirements of this Act, including—

''(A) voter registration;

''(B) get-out-the-vote activity;

''(C) generic campaign activity; and

''(D) any communication that identifies a Federal candidate (regardless of whether a State or local candidate is also mentioned or identified).

''(b) STATE, DISTRICT, AND LOCAL COMMITTEES.—(1) Subsection (a) shall not apply to expenditures or disbursements made by a State, district, or local committee of a political party for—

''(A) a contribution to a candidate other than for Federal office, if such contribution is not designated or otherwise earmarked to pay for activities described in subsection (a)(2);

''(B) the costs of a State, district, or local political convention;

''(C) the non-Federal share of a State, district, or local party committee's administrative and overhead expenses (excluding the compensation in any month of any individual who spends more than 20 percent of his or her time on activity during such month which may affect the outcome of a Federal election), as determined under subsection (c);

''(D) the costs of grassroots campaign materials, including buttons, bumper stickers, and yard signs, which solely name or depict a State or local candidate; and

''(E) the cost of any campaign activity conducted solely on behalf of a clearly identified State or local candidate, excluding activities described under subsection (a)(2).

''(2) For purposes of paragraph (1)(C), the non-Federal share of a party committee's administrative and overhead expenses shall be determined by applying the ratio of the non-Federal disbursements to the total Federal expenditures and non-Federal disbursements made by the committee during the previous Presidential election year to the committee's administrative and overhead expenses in the election year in question.

''(c) FUNDRAISING EXPENDITURES.—Any amount spent by a national committee of a political party, including the congressional campaign committees of a political party, and any entity that is established, financed, maintained, or controlled by a national committee of a political party, including the national congressional campaign committees of a political party, and any officer or agents of such party committees or entity to raise funds that are used, in whole or in part, in connection with the activities described in subsection (b) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.''.

(b) RESTRICTIONS ON FUNDRAISING BY CANDIDATES AND OFFICEHOLDERS.—Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a) is amended by adding at the end the following new subsection:

''(i)(1) The limitations, prohibitions, and reporting requirements of this Act shall apply to the solicitation for, and receipt of funds by, a candidate for Federal office, an individual holding Federal office, or any agent of such candidate or officeholder, in connection with any Federal election.

''(2) Paragraph (1) shall not apply to the solicitation or receipt of funds by an individual who is a candidate for a non-Federal office if such activity is permitted under State law.''.

(c) REPORTING REQUIREMENTS.—

(1) NATIONAL COMMITTEES.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) is amended by adding at the end the following new subsection:

''(d) POLITICAL COMMITTEES.—(1) The national committee of a political party, any congressional campaign committee of a political party, and any subordinate committee of either, shall report all receipts and disbursements during the reporting period, whether or not in connection with an election for Federal office.

''(2) Any political committee to which paragraph (1) does not apply shall report any receipts or disbursements that are used in connection with a Federal election.

''(3) If a political committee has receipts or disbursements to which this subsection applies from any person aggregating in excess of $200 for any calendar year, the political committee shall separately itemize its reporting for such person in the same manner as required in subsection (b) (3)(A), (5), or (6).

''(4) Reports required to be filed under this subsection shall be filed for the same time periods required for political committees under subsection (a).''.

(2) REPORT OF EXEMPT CONTRIBUTIONS.—Section 301(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)) is amended by inserting at the end the following:

''(C) The exclusion provided in subparagraph (B)(viii) shall not apply for purposes of any requirement to report contributions under this Act, and all such contributions aggregating in excess of $200 shall be reported.''.

(3) REPORTS BY STATE COMMITTEES.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434), as amended by paragraph (1), is amended by adding at the end the following new subsection:

''(e) FILING OF STATE REPORTS.—In lieu of any report required to be filed by this Act, the Commission may allow a State committee of a political party to file with the Commission a report required to be filed under State law if the Commission determines such reports contain substantially the same information.''.

(4) OTHER REPORTING REQUIREMENTS.—

(A) AUTHORIZED COMMITTEES.—Section 304(b)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(4)) is amended—

(i) by striking ''and'' at the end of subparagraph (H);

(ii) by inserting ''and'' at the end of subparagraph (I); and

(iii) by adding at the end the following new subparagraph:

''(J) in the case of an authorized committee, disbursements for the primary election, the general election, and any other election in which the candidate participates;''.

(B) NAMES AND ADDRESSES.—Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended—

(i) by striking ''within the calendar year''; and

(ii) by inserting '', and the election to which the operating expenditure relates'' after ''operating expenditure''.

SEC. 4. PUBLIC SERVICE ANNOUNCEMENTS.

Beginning on September 1 and continuing through November 1 of each election year, the Federal Election Commission shall carry out a program, utilizing public service announcements, to provide basic information to the public about—

(1) voter registration, including locations and times; and

(2) voting requirements.

SEC. 5. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this Act, the amendments made by, and the provisions of, this Act shall take effect on the date of enactment of this Act, but shall not apply with respect to activities in connection with any election occurring before December 31, 1996.

(b) CONTRIBUTIONS AND EXPENDITURES BEFORE DATE OF ENACTMENT.—This Act, and the amendments made by this Act, shall not apply to contributions and expenditures made before the date of enactment of this Act.

S.J. RES. 47

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

''ARTICLE—

''SECTION 1. The Congress shall have the power to set limits on expenditures made by, in support of, or in opposition to the nomination or election of any person to Federal office.

''SECTION 2. The Congress shall have the power to set limits on contributions by individuals or entities by, in support of, or in opposition to the nomination or election of any person to Federal office.

''SECTION 3. The Congress shall have the power to enforce, by appropriate legislation, the provisions of this article.''.

GIVING ELECTIONS BACK TO CITIZENS—SUMMARY OF THE BRADLEY PROPOSAL

This proposal would restore democracy to American elections by removing *all* the corrupting sources of money in campaigns and giving voters direct control over how much money is spent in a Senate election. It would not force taxpayers to fund politics through public financing, but it would equalize funding among candidates and provide free media time. Candidates would have to compete on their ideas, and once elected, to serve all their constituents without favoring contributors.

1. CONSTITUTIONAL AMENDMENT

Amend the Constitution to clarify that Congress has the power to set limits on contributions and expenditures in support of, or in opposition to, any candidate for Federal office.

The spending limits implicit in the legislative proposal directly confront the Supreme Court's 1976 ruling in Buckley v. Valeo equating political money with free speech. If the Court will not reconsider this ruling, this amendment will correct it.

2. TAX CHECK-OFF

Add a new Senate General Election Campaign Fund line to each tax return, and allow all filers to designate between $1 and $5,000 as an add-on to taxes. Funds added-on by taxpayers in each state will be designated for Senate elections in that state only.

3. DISTRIBUTION OF FUNDS AMONG CANDIDATES

Each Senate election year, all funds received in the preceding two years (plus one-half of any funds remaining from previous years) will be divided among all qualified candidates after the nomination process has been completed in each state. All qualifying party candidates and independents will receive an equal share.

To qualify, a party or an independent candidate must obtain signatures of 5% of all registered voters in the state. Parties that have received 10% of the vote in two of the previous four Senate elections automatically qualify.

No candidate may accept or spend funds from any source other than the common fund. All candidates must participate in at least two debates with all other candidates.

4. BROADCAST TIME

Each broadcast licensee must make available to each eligible Senate candidate two hours of free broadcast time, of which at least one hour must be during prime time. Each broadcaster must make time available to candidates in all states in its broadcast area. Free time must be made available during the 90 days preceding the election. Appearances during news or public service programs will not count.

Free broadcast time will be allocated in segments of 1–30 minutes, at the candidates' choice.

The Federal Election Commission will also be required to develop a program of public

service announcements providing basic information about voting requirements, voter registration, and election dates and locations, which broadcasters may carry in fulfillment of their basic public service requirements.

5. NOMINATING PROCESS

Candidates for any party's Senate nomination may accept only contributions of $100 or less. No candidate for a party's nomination may spend more than 50% of the total amount that will be available in the total fund for candidates in the general election, as estimated by the state 30 days before the primary.

A candidate for nomination who did not comply with these rules would be ineligible for all funding and free broadcast time in the general election.

6. PARTY MONEY/SOFT MONEY

Contributions to state and national party organizations will be limited to $1,000 from individuals.

7. INDEPENDENT EXPENDITURES

Broadcast licensees that accept independent expenditures for advertisements that make reference to any Senate candidate must provide equal, free time to allow any candidate mentioned negatively in the original ad to respond. If a candidate is mentioned positively, the licensee must allow all opponents the same amount of time to respond.

SOURCES OF CORRUPTION ELIMINATED IN THIS PROPOSAL

PACs (eliminated by ban on outside contributions).

Wealthy individual contributors (same).

''Bundling'' to evade PAC limits (same).

Wealthy candidates (personal wealth cannot be used).

Out of state money (all money in common fund comes from in-state taxpayers).

Money funneled through party committees without disclosure or limits.

Lack of debates (debate participation required).

ADDITIONAL COSPONSORS

S. 1028

At the request of Mrs. KASSEBAUM, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 1028, a bill to provide increased access to health care benefits, to provide increased portability of health care benefits, to provide increased security of health care benefits, to increase the purchasing power of individuals and small employers, and for other purposes.

S. 1473

At the request of Ms. SNOWE, the name of the Senator from Michigan [Mr. ABRAHAM] was added as a cosponsor of S. 1473, a bill to authorize the Administrator of General Services to permit the posting in space under the control of the Administrator of notices concerning missing children, and for other purposes.

S. 1520

At the request of Mr. HELMS, the names of the Senator from Alaska [Mr. STEVENS] and the Senator from Oklahoma [Mr. INHOFE] were added as cosponsors of S. 1520, a bill to award a congressional gold medal to Ruth and Billy Graham.

ADDITIONAL STATEMENTS

DEFENSE AND PRISON SPENDING DURING THE BUDGET NEGOTIATIONS

● Mr. SIMON. Mr. President, in the past few weeks, budget negotiations have ground to a halt. Unfortunately, both Republicans and Democrats have focused their budget-cutting attentions too narrowly on certain parts of the total budget pie, while ignoring other large portions of the budget. While both sides have offered to put everything on the table, two areas of enormous Federal spending have not been on the table: national defense and prisons.

I would like to call the attention of my colleagues to a recent Chicago Sun-Times column, written by William Rentschler, entitled ''Sacred Cows of Arms, Prisons Are Milking the U.S. Budget.'' The column describes the irrationality of giving billions of tax dollars to the military-industrial complex and the prison industry with virtually no congressional debate, as we simultaneously scrutinize other programs in the difficult quest to balance the budget.

As the column suggests, current budget proposals insulate significant parts of the budget from any reductions. Instead of making cuts in all areas of Federal spending, current budget proposals target programs such as Medicare, Medicaid, child nutrition, and Head Start, which provide essential services for the elderly, children and the poor, or education and training initiatives that make the American dream possible for many ordinary citizens. In fact, the budget reconciliation plan passed by the Republicans would establish budget firewalls that allow defense spending in the next 7 years to increase by $33 billion over the request by the Department of Defense.

For 15 years, I have fought for a balanced budget amendment to the Constitution. I have done so in the firm belief that persistent budget deficits pose a grave threat to the future prosperity and vitality of the Nation. However, my support for the goal of a balanced budget does not mean that I support cutting deeply into only certain parts of the budget, while leaving other parts of the budget completely untouched.

I urge my colleagues to read the column and to work with me toward balancing the budget in a way that is sensible and fair.

I ask that the Chicago Sun-Times column be printed in the RECORD.

The column follows:

[From the Chicago Sun-Times, December 25, 1995]

SACRED COWS OF ARMS, PRISONS ARE MILKING THE U.S. BUDGET

(By William Rentschler)

Ordinary cows are generally placid and quite harmless. But sacred cows can be downright fearsome, even a danger to the well-being of a nation.

It is two monstrous sacred cows, snorting and stomping and emitting mushroom clouds of gaseous propaganda, that stand in the way of a rational balanced budget that is fair to both the poor and the powerful.

Most politicians on both sides of the aisle—including President Clinton and his Republican adversaries—cringe at the thought of bringing to heel these voracious gobblers of vast feedlots of tax dollars.

Sacred Cow No. 1 is the ''military/industrial complex,'' which Dwight D. Eisenhower, career military hero, warned against when he left the presidency in 1960.

If Clinton, Newt Gingrich and Bob Dole had the backbones to curb the bloated appetite of the military and its handmaidens in Congress, there would be no budget impasse, no shutdown of government, no need to balance the budget on the backs of the poor and infirm, no need to devastate the environment, education, workplace and food safety, drug prevention/treatment, and a host of other social programs.

The most credible critic of outlandish defense spending in the wake of the Cold War is the Washington-based Center for Defense Information, a think tank run not by what Gingrich and Rush Limbaugh would berate as mushy-minded liberals, but by three retired U.S. Navy admirals.

CDI's triad of flag officers brands as ''scandalous'' and ''outrageous'' today's defense budget, which represents 47 percent of all discretionary federal spending. That's nearly half of all discretionary tax dollars to feed the ultimate sacred cow in peacetime.

The admirals state unequivocally that we could reduce military spending by more than $500 billion over the next seven years ''without jeopardizing America's status as the preeminent military power in the world.'' This, they say, would preclude draconian cuts proposed by Republicans in Congress ''to vital domestic programs.''

Sacred Cow No. 2—not yet as fat but equally formidable in its stranglehold on Congress and state legislatures—is the ''prison/industrial complex'' or the ''punishment industry,'' as it is described by sociologists J. Robert Lilly and Mathieu Deflem.

The U.S. incarceration rate is the highest in the world. On any day more than 1.5 million people are locked up. The reasons are clear. The prison propagandists, who profit from punishment extremes, have terrified the public, rigged sentencing statutes to assure an ever-increasing demand for more cells, and conned politicians into throwing tax dollars mindlessly into prison building, stuffing and staffing.

Both sacred cows are classic examples of free enterprise run amok. We implement unsound policy and practice driven by greed and the almighty buck. Billions are at stake as companies elbow each other to supply the ''punishment industry.'' The prison-builders get ever-fatter as they graze unrestrained in the backyards of taxpayers. The prize, according to Lilly and Deflem, is $22 billion in annual sales divided among about 300 private firms.

What politicians—there are a few—will risk having the demagogues, lobbyists and editorial writers call them ''soft'' on national security or crime? Or will turn their backs on the cornucopia of dollars poured into their campaign coffers by these free-spending, yet sacrosanct, bovines?

So there is no rational debate on the merits, and we continue to squander billions on unneeded weapons and prisons. CDI reports that the House devoted exactly 32 minutes to its approval of the $240 billion military budget in 1994. That's $7.5 billion per minute!

Sad, isn't it, that we the people allow ourselves to be hoodwinked to this extent year after year.

Republicans in Congress, especially Gingrich and the hot-eyed freshmen, speak grandly about balancing the budget to protect our

children and grandchildren. In truth, the future will be assured for some children and grandchildren—those whose parents and grandparents are members of Congress or otherwise comfortably fixed. Far greater numbers will be cast adrift in the new century.●

HONORING LINDA D. WILLIAMS FOR 25 YEARS OF SERVICE TO MARYLAND'S SENATORS

● Ms. MIKULSKI. Mr. President, I rise today to pay tribute to a dedicated Senate employee who, on February 1, 1996, will celebrate her 25th year of service to Maryland's Senators. Linda D. Williams started her career with my distinguished predecessor and friend, Senator Charles McC. Mathias in 1971. She served his office with distinction and enthusiasm for 15 years. While working for Senator Mathias, she helped bring his office into the high technology era of computers.

When I came to the Senate in 1987, I asked Linda to be my systems administrator, and she has not missed a beat. Gone are the days of carbon copies and in are the days of high-speed computers, sophisticated software, and the Internet. I have relied on Linda Williams to guide me through this maze of technology, so that I might use it to better serve the people of Maryland. I can say with a great deal of pride and happiness that Linda has helped me make the most of these opportunities. Even more important, she has helped the people of Maryland in the process.

With her help, I was one of the first Senators to have a world wide web page. Now, my staff and I navigate the NET with abandon, and my constituents navigate their way to my office online. This exciting technology will help open our democracy to more and more people. I was lucky to have Linda Williams here to see the process through.

Mr. President, I have a great deal of respect for people who have a sense of duty, for people who want to help themselves. I admire people who take on a task, make it their own, and see it through to the end. Many of these successful people live and work in Maryland. They are teaching in our schools, nursing our veterans, exploring space, and finding the cures for disease. I'm proud that one of these people is in my own office. I salute Linda Williams for her dedication, and I look forward to her next 25 years serving Maryland's Senators.●

ON THE FORTY-EIGHTH ANNIVERSARY OF SRI LANKA'S INDEPENDENCE

● Mrs. FEINSTEIN. Mr. President, I rise today to bring some thought and consideration to the 48th anniversary of Sri Lanka's independence from colonial rule.

Sri Lanka, which had been dominated by Portuguese, Dutch, and, of course, one and a half centuries of British rule, has emerged in the final decades of this century as a nation firmly committed to democracy and the rule of law.

The last few years have brought tremendous gains for democracy and freedom throughout the world, and while we applaud the successes in Eastern Europe and the former Soviet Union, we should not overlook the progress this island of some 17 million citizens has made on its own.

Since 1982, when J.R. Jayewardene was elected the first post-colonial president, Sri Lanka has held regular national elections notable for their peaceful transitions of power between its two major political parties: the United National Party [UNP] and the Sri Lanka Freedom Party [SLFP], or coalitions led by them.

Sri Lanka's third presidential election was held on November 9, 1994 with former Prime Minister Chandrika Kumaratunga winning with 62 percent of the vote. Voter turn-out was an impressive 70.5 percent. The most recent parliamentary elections were held in Sri Lanka on August 16, 1994, with the UNP and the SLFP winning a roughly equal number of seats.

President Kumaratunga intends to continue with wide-ranging, significant economic reforms that are moving Sri Lanka away from state controls and subsidies to a more decentralized, market-oriented system. This has allowed Sri Lanka to maintain a significant 5 percent average annual growth rate throughout the last decade.

Sri Lanka has also proven its commitment to providing for the basic human needs of its people. Since independence, successive Sri Lankan Governments have maintained a policy of free education from the primary level through the university level. The literacy rate, for both men and women alike, is an impressive 90 percent. The Sri Lankan Government also provides an extensive program of free health care, which includes child immunization. Sri Lanka boasts an average life expectancy of 70 years and an infant mortality rate of 19/1000 which is highly remarkable for this region of the world.

The United States has ties with Sri Lanka dating back to the nineteenth century, ties that have greatly strengthened since Sri Lanka's independence. We are now Sri Lanka's biggest trading partner with our annual bilateral trade standing at $1.4 billion. We also maintain ties to Sri Lanka through bilateral educational, information and cultural programs. The United States has a continuing, active Peace Corps Volunteer Program there, and has operated a Voice of America Station in Sri Lanka for more than 40 years.

Unfortunately, Sri Lanka continues to experience the tragedies of political violence, resulting primarily from the Tamil insurgency in the North and, to a lesser extent, from a mainly Sinhalese group in the South. The news we hear about Sri Lanka here in the United States all too often focuses only on these ongoing conflicts, which have brought death and suffering to Sri Lanka for over 10 years.

It is my hope that Sri Lanka will one day resolve its internal disputes and that peace will return to this nation which has demonstrated such an impressive commitment to democracy. President Kumaratunga has expressed her intention to seek a political solution to the ethnic conflicts and has announced a set of proposals aimed at devolving power to the regions. She has also reiterated her pledge to address minority grievances through dialog and negotiation.

On the 48th anniversary of Sri Lanka's independence, I would like to express my support to President Kumaratunga as she works to determine a lasting solution to the ethnic conflicts in Sri Lanka. I share her hope that peace, reconciliation, and a system of nonviolent negotiation between all parties will soon prevail for the people of Sri Lanka.●

ADJOURNMENT UNTIL TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands in adjournment until 12 noon, Friday, January 26, 1996.

Thereupon, the Senate, at 4:15 p.m., adjourned until Friday, January 26, 1996, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate January 25, 1996:

THE JUDICIARY

RICHARD A. PAEZ, OF CALIFORNIA, TO BE U.S. CIRCUIT JUDGE FOR THE NINTH CIRCUIT, VICE CECIL F. POOLE, RESIGNED.

HARRY S TRUMAN SCHOLARSHIP FOUNDATION

ELMER B. STAATS, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE HARRY S TRUMAN SCHOLARSHIP FOUNDATION FOR A TERM EXPIRING DECEMBER 10, 2001. (REAPPOINTMENT)