the Indonesian government regularly. Our current arms sales policy, codified in law last summer and included in S. 908, prohibits the sale or licensing for export of small or light arms and crowd control items until the Secretary has determined that there has been significant progress on human rights in Indonesia, including in East Timor. Current law also forbids funding of International Military Education and Training (IMET) for Indonesia. As you are aware, the Administration has proposed that this ban be rescinded, and there is language in the House authorization and appropriations bills that would permit funding for Expanded IMET (E–IMET) courses.

We understand that you or other Senators may be considering amendments to the Foreign Operations Appropriations Bill that would further restrict the types of defense items that can be sold or licensed for export to Indonesia. We also have heard that some Senators who oppose any IMET funding for Indonesia are considering working to have the complete ban on such funding retained.

You have proposed that you and others in the Senate will refrain from attaching language to the Senate's version of the bill restricting arms sales to Indonesia and banning IMET funding if the Administration will agree to abide by our current arms sales policy and accept only funding for E–IMET in FY 1996.

We will abide by our current arms sales policy and, though we would have preferred restoration of full IMET, will fund only Expanded-IMET during the coming fiscal year.

I hope this information will be useful to you. Please do not hesitate to contact us if we may be of further assistance.

Sincerely,

WENDY R. SHERMAN,
Assistant Secretary, Legislative Affairs.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, this will be the last vote tonight. Tomorrow morning, starting at 9:30 we will take up the MilCon conference report, to be followed by the D.C. appropriations bill, to be followed by the legislative appropriations conference report. Therefore, I would expect one, two, three, and maybe one amendment on the D.C. bill, so maybe four votes tomorrow. We should finish early. Then I will tell you what will happen next week. Hopefully, we will finish those bills and take the next week off. But we are not there yet.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

Mr. McCONNELL. Mr. President, I ask for the yeas and nays on the bill.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays are ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER (Mr. SMITH). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 91, nays 9, as follows:

[Rollcall Vote No. 458 Leg.]

YEAS—91

Abraham	Ford	McCain
Akaka	Frist	McConnell
Ashcroft	Glenn	Mikulski
Baucus	Gorton	Moseley-Braun
Bennett	Graham	Moynihan
Biden	Gramm	Murkowski
Bond	Grams	Murray
Boxer	Grassley	Nickles
Bradley	Gregg	Packwood
Breaux	Harkin	Pell
Brown	Hatch	Pressler
Bryan	Hatfield	Pryor
Bumpers	Heflin	Reid
Burns	Hutchison	Robb
Campbell	Inhofe	Rockefeller
Chafee	Inouye	Roth
Coats	Jeffords	Santorum
Cochran	Johnston	Sarbanes
Cohen	Kassebaum	Shelby
Conrad	Kennedy	Simon
Coverdell	Kerrey	Simpson
D'Amato	Kerry	Snowe
Daschle	Kohl	Specter
DeWine	Kyl	Stevens
Dodd	Lautenberg	Thomas
Dole	Leahy	Thompson
Domenici	Levin	Thurmond
Dorgan	Lieberman	Warner
Exon	Lott	Wellstone
Feingold	Lugar	
Feinstein	Mack	

NAYS—9

Bingaman	Faircloth	Kempthorne
Byrd	Helms	Nunn
Craig	Hollings	Smith

So the bill (H.R. 1868), as amended, was passed.

Mr. McCONNELL. Mr. President, I want to take one moment to thank Tim Rieser and Luke Albee of Senator LEAHY's staff; and from the Appropriations Committee staff Jim Bond, and Juanita Rilling; and, particularly, Mr. President, I want to extend my great appreciation to my personal staff members, Billy Piper, and my long-time foreign policy adviser, Robin Cleveland, for their determined work in helping us to produce this bill.

I am extremely grateful to Billy, particularly to Robin, for good advice not only on this occasion but over the years.

Mr. President, I yield the floor.

Mr. LEAHY. Mr. President, I thank the chairman for his gracious words, and I was also glad—I mentioned a number of these folks earlier—but I was also glad to have my chief of staff, Luke Albee, to join us also on this bill, as well as John P. Dowd, my legislative director.

Tim Rieser, I think all of us on our side will agree, was a dynamo. Tim handled just about everything for everybody.

I do appreciate all of them.

Mr. President, before we voted earlier, the Senator from Wisconsin was going to speak in relation to this matter on this bill. As a courtesy to the other 99 Senators, he withheld for the vote on the assurance that he could be heard. I hope that it might be possible for the Senator from Wisconsin to be heard.

I assume we will appoint conferees. I wonder if we could yield for that.

Mr. BENNETT. Mr. President, I move that the Senate insist on its amendments and request a conference with the House, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. SMITH) appointed Mr. MCCONNELL, Mr. SPECTER, Mr. MACK, Mr. GRAMM, Mr. JEFFORDS, Mr. GREGG, Mr. SHELBY, Mr. HATFIELD, Mr. LEAHY, Mr. INOUYE, Mr. LAUTENBERG, Mr. HARKIN, Ms. MIKULSKI, Mrs. MURRAY, and Mr. BYRD conferees on the part of the Senate.

MORNING BUSINESS

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

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

UNITED STATES/UNITED KINGDOM AVIATION RELATIONS

Mr. PRESSLER. Mr. President, I rise today to express my great disappointment that an agreement further liberalizing United States/United Kingdom aviation relations was not struck in London last week. Once again, I believe the British Government put the interests of one constituent above the best interests of British consumers.

The United Kingdom is one of our largest and most important trading partners. For many years that trading relationship has flourished. Open market principles have been the engine responsible for its success. Without a doubt, the free flow of commerce between our two nations has significantly benefited both economies. Perhaps the biggest winners of all have been consumers on both sides of the Atlantic who have reaped the benefits of enhanced consumer choice and competitive prices.

Regrettably, over the last few decades, the British have repeatedly rebuffed our attempts to extend our open trade relationship to include commercial aviation rights. In fact, the United States/United Kingdom bilateral aviation agreement is our most restrictive international aviation agreement. For good reason, that agreement, the so-called Bermuda II agreement signed in 1977, is widely regarded as being the high water mark for international aviation protectionism.

In London last week, the United States and United Kingdom had an historic opportunity to further liberalize our aviation relationship. Instead of taking a major step forward, United States/United Kingdom aviation relations seem to have taken a giant leap backward. I am very concerned that the failure to reach agreement last week has squandered hard earned momentum from the phase 1 deal in June and resurrected mistrust between the countries that has plagued negotiations for years.

Mr. President, despite these concerns, the United States and United Kingdom must press forward with phase 2 negotiations. We owe it to consumers on both sides of the Atlantic. For far too long the United States/United Kingdom aviation debate has focussed primarily on the interests of passenger and cargo carriers. I urge negotiators on both sides of the table to resume talks with a broader focus, one which considers the significant stake consumers have in enhanced air service and more competitive prices.

In a speech before the Aviation Club of Great Britain earlier this week, Gerald Greenwald, the Chairman and CEO of United Airlines, echoed this point. Mr. Greenwald called for a ''renewed concentration on consumers'' and quite accurately observed that the real losers under the restrictive Bermuda II agreement are consumers ''in the United States and United Kingdom alike.'' He is absolutely correct.

I ask unanimous consent that Mr. Greenwald's speech before the Aviation Club of Great Britain to which I referred be inserted in the RECORD at the conclusion of my remarks.

Mr. President, I hope benefits to consumers are factored into the equation next time American and British negotiators meet in phase 2 talks. Perhaps then the need for liberalization of the United States/United Kingdom bilateral aviation agreement will be clearer to the British. Undoubtedly, the benefits of liberalization will be more readily apparent.

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

GERALD GREENWALD; AVIATION CLUB OF GREAT BRITAIN, CHAIRMAN AND CEO, UNITED AIRLINES

LONDON—September 19, 1995. Thanks, all of you for this warm welcome. Let me salute Allan Winn, Chairman of the Aviation Club of Great Britain, along with the many leading lights of Great Britain's aviation industry—public and private sector alike—whom I am honored to address today.

I promised Allan I would refrain from any ''commercial'' plugs for my company, although temptation, of course, is great. But Allan was kind enough to ask—as people often do when a visitor arrives—how was my trip?

I want to assure you: The flight over in United's new 777 was quite comfortable. I enjoyed the full 64 inches of leg room, the five star first-class service—and what must be the most courteous flight attendant and pilot crew in the business.

So Allan—thanks for asking.

I appreciate the opportunity to address you today. I see this as a chance to advance a dialogue that must take place if any of us, on either side of the Atlantic, are to prosper in our new environment. This industry has to look ahead—this industry has to change because its growth—needs to outpace that of the world economy.

The fact is, at no time since the Second World War has the airline industry been presented with market forces more conducive to profitable growth. The demand for thinking for the future is almost overwhelming. And that is what I want to talk about today because, as an industry, we are not meeting the challenge, not doing justice to our customers.

But I didn't come here to talk to you about what everybody else talks about—the way everyone in our industry is mesmerized by the growth in air traffic. That kind of looking inward—that fixation on ourselves—is a kind of corporate indulgence we can't afford: Short-term gain for long-term grief.

I came here to make the case for change in focus—for a renewed concentration on the customer.

We're slow to recognize what the customer wants from the travel experience.

Back on my side of the ocean, the travel agents are fighting with the airlines . . . the airlines are fighting with one another . . . and meanwhile, the customer stands alone at the counter.

It's as if we grow so accustomed to our place in the market—to our sheer size and staying power—that we forget who has the power to bring us down.

I'm not talking about a competitor . . . or another company . . . or some amorphous notion such as ''competition'' . . .

I'm talking about the consumer. The most powerful economic factor in the world.

It's a concept we grasp quite easily in political dimension. But the freedom of choice at the ballot box has its parallel in the economy as well: In every consumer's checkbook choice—the freedom to take his or her business elsewhere.

Now, provided we put the customer first—the fundamentals are in place for a very positive forecast. Consider the state of our industry.

The fundamentals are there for a very positive forecast. Consider the state of our industry.

In the beginning of this decade, in 1990, worldwide airline revenues totaled $211 billion.

Estimates now predict industry revenues—both business and leisure travel—will reach $350 billion by the year 2000.

To put that in perspective, consider the world's total GDP will rise 50 percent between 1990 and the year 2000. Over that same timeframe, airline revenues will rise an even faster 60 percent.

All told, it's an impressive record. A century that began with mankind's first powered flight—a span of 120 feet lasting 12 seconds—ends with the movement of 1.2 billion passengers on 17 million flights across 24 time zones at every hour of the day and night.

So if all of that's true—and it is—why do so many of us want to grimace rather than grin?

Because we know the rest of the picture. We know that revenues, however great, are not profits—and growth, no matter how rapid, is not necessarily a reflection of success or superior service.

Granted, this industry has grown. But too many airlines have lost too much money for their shareholders and the taxpayers who support them. Too many customers regard what they get from us with a combustible combination of cynicism and suspicion.

Some of our passengers take us for granted. Other passengers think every time they buy a ticket—as we say in America, we're taking them for a ride.

It's hard in that kind of atmosphere to build the bonds of trust—to establish the loyalty that keeps customers coming back. That's the central challenge in a service industry such as ours—a challenge United is working to meet as the world's largest employee-owned company.

And we are a new company—a new United—since Steve Wolf stood before you just over a year ago. What we're about isn't just a phrase—it's a deep-felt philosophy: A solid sense that of all the measures management can take to improve productivity none has more up-side potential than empowering our workforce. And what better way than turning employees into owners? As Peter Drucker has observed, the only sustainable corporate advantage in the new, open, global marketplace—is people.

When we entered into our employee-ownership (ESOP) agreement, we were banking on more than a structural shift in our organization—we were counting on a change in corporate culture to take us to a more competitive level. And in a service industry, employee satisfaction shows—in the finished product—in the face we present every day to our passengers.

And we're seeing that change in culture translate into strong results. You're used to hearing about Returns on Investment—well, our ESOP's delivering what I call Return on Ownership:

Fewer sick days: Down 21 percent last month—in our year-over-year comparison. And increased ''dependability'' means a savings of about $52 million.

Fewer grievances: Down 75 percent year-over-year. And again—that's an opportunity to resolve differences without costly and time consuming procedures—energy that could be spent on serving our customers.

Overall, it's part of the positive numbers United's putting on the board:

Revenue is up $729 million—6.7 percent over last year.

Operating earnings are up—our operating margin is up. So are net earnings and net margin. And unit revenue is outpacing unit cost.

Let me give you just one market example. Thanks in part to our new Shuttle by United, the Los Angeles region is solidly profitable.

Our departures are up 73 percent in the last 4 years—and we're serving more major domestic and international destinations from L.A. than any other carrier.

All of the changes we've made within our company are moving us in the right direction. But there's still the matter of the environment around us—the system in which we—and all our competitors—have to operate.

And that is where external factors dictate the difficulties we face—in the form of a system that stops us from serving our customers as well as we could. And that system is my subject today.

What do I mean? Let me ask: How many of us would maintain a fleet of DC–7s or Lockheed Constellations—how many of us would want to sell passengers on the virtues of an 15 hour crossing of the Atlantic, or only a handful of domestic flights to our country's largest cities?

In other words, how well do we think we'd fare with a 1950's fleet in our 1990's world?

Yet we're struggling along with an equally antiquated structure governing our flights/our routes/and our schedules. Simply put: The structure of our industry is not adapting to the needs of the new customers, new nations, and new regions we serve.

If this industry is to reach its potential—if we are to continue not simply to expand but to excel—we have to change. We have to raise our standards—raise our own expectations to a level above and beyond that of the customers and the countries who rely on us. We have to stop talking about today's weather and create a new climate.

Because in the end, there is only one route to customer service—and that is competition.

Nothing could be further from that ideal than our present World War II vintage system of bilateral regulation. Created in an era when national frontiers were also market boundaries—when economies were isolated entities, self contained islands of commerce—Conceived at a time when Churchill roamed Number 10 Downing Street, and both the Democrats and Republicans were competing to see who "liked Ike."

Our bilateral system was a Frankenstein, stitched together when colonialism was fading, nationalism was coming to the fore—and a protectionist system of managed trade seemed the best we could muster.

And that bad beginning got steadily worse—reaching bottom with the so-called Bermuda II agreement in 1977.

It's a wonder the system served us as well as it did, as long as it did.

Today—we must all agree—the system is slowly strangling us.

What we have now is a kind of controlled chaos—an industry impasse in which no one is comfortable with the system as it is, but no one can make the move to the more competitive system we need.

Take United's position as a case in point, squeezed by the straight-jacket we call Bermuda II. Geographically, the U.K. is key to United: A gateway to the entire continent of Europe—and beyond, a critical crossroad in the global aviation market.

While we are one of only two U.S. carriers allowed to serve Heathrow, if we look at United's major hubs in the U.S.—every one carries tight restrictions on capacity to Heathrow:

At Washington, DC, we have been running load factors to Heathrow of 92 percent for the last three months—and yet we were just turned down for two extra frequencies a week.

At Chicago, our largest hub, after a four-year struggle, last week we finally gained access to Heathrow—and yet it's limited to seven weekly flights in a 767. Let me emphasize—this is from the world's busiest airport to the world's largest international destination. But even that is better than Denver, our second largest hub—where we can provide no service at all to Heathrow. Of all the major country-to-country agreements to which the U.S. is party, none is more restrictive than Bermuda II.

But as bad as I believe Bermuda II is—this much I know: The real losers are the consumes. In this, Bermuda II claims its casualties on both sides of the Atlantic—hurting consumers with higher prices and poorer service in the U.S. and the U.K. alike.

So what's the solution? Certainly not the 1950's thinking that argues that the way to build your carrier's market share is to handicap the competitiveness of the others.

Market shares in aviation should be driven by customer choices—just as they are in most areas of trade today. I submit there is only one answer for the 1990s—working together for change—working together to open the skies of Europe, America, Asia and every point in between—to competition.

Now, I want to be clear: Just as the current bilateral constraints increasingly serve no one—competition, too, has its costs. Not all airlines will succeed—not all will even survive. But the alternative—the price of sticking with the status quo—is truly like two scorpions in a bottle. Neither will come out alive.

Why tinker at the margins managing trade? Why not simply throw open the doors—and let the competition begin?

Anything less than full competition really doesn't do either of us a favor—because in an industry as global as ours, we really can't hide from competition anyway.

What do we need? Liberalization—as much as possible, as soon as possible. A beginning today that we can build on tomorrow.

As our target, we ought to take an example from outside our industry: From the world of telecommunications. When you pick up a telephone and dial an international number or send a fax to an international destination—you don't want to negotiate with each of the different companies that carries the signal or routes the call.

It doesn't matter to you whether it crosses the ocean floor by cable or skips over by satellite—what you care about is getting through to the other end. Yet our current system of air travel does just that to our customers—confronting them with a bewildering array of barriers and bottlenecks between them and their destination.

To their credit, both the U.S. and Britain have recently taken significant steps toward the liberalization of air transportation between our two countries. The differences seem to be over the pace of that movement, not the ultimate objective.

And, as I have pointed out to the U.S. government, in recent months—to give credit where credit is due—it has been the British side that maintained the momentum toward liberalization, while the U.S. (and United) was all but immobilized by our own internal squabbles.

To be candid, our struggle to launch direct Chicago-London service last week was impeded as much by vested interests in the U.S. as in the U.K.

Now of course, our small steps forward have been accompanied by two steps back—away from the negotiating table. We must all hope our two governments get back to the table—and resume the Phase II talks that are the only path to progress and to open skies.

There is a mystery I cannot comprehend: And that is how the U.S. and the U.K.—two countries that literally live by international trade—and with the possible exception of Japan, endure the rockiest bilateral relationship in the aviation industry.

The plain fact is—liberalization can't be limited. On the other side of the world—as across the Atlantic—the principle of consumer choice must prevail. The principle I hope will soon be put in practice for our two countries should apply equally to the opening of new routes in Asia.

Few tasks will be tougher. Japan's Ministry of Transportation, for example, seems fixated on a protectionist path—marching in one direction while the rest of the world moves in another.

What Japan seems to want in 1996 is a replay of the mistake the U.S. and the U.K. made in 1976 when we started down the path of Bermuda II. And as a recent editorial in the Far Eastern Economic Review noted, you can't open an issue of the Orient Airlines Association magazine without finding a list of reasons why competition is bad.

Much of the air service industry there remains locked in a mercantilist mindset. And that's unfortunate because Asia and Asian consumers are not exempt from the adverse consequences of attempts to limit air traffic.

There's no free lunch: When Japan's Ministry of Transportation imposes regulations to protect their carriers—consumers pay the price. It's an iron law of economics: One company's windfall is the consumer's downfall.

Competition is consumer friendly. It's a notion we haven't quite grasped yet. Take the recent positive steps toward opening more Japan destinations to Federal Express.

In the industry, people are asking—Who won? Japan or the U.S.? I'll tell you who won. The consumers—of both countries!

As for United, we're ready right now to take interim steps toward the broad liberalization that will ultimately serve all of us best. In Japan, as we did in Germany, we are prepared to accept a period of constrained growth—to give JAL breathing space. But our ultimate aim at the end of that period must be—once again, as it was in Germany—a market driven regime.

In the end, freeing up competition—evolving an open skies approach—is in every country's interest. Liberalization and internationalization go hand in hand. And they are essential in today's economy.

And that really is my message today.

Gone are the days when we could chart a future built on cozy arrangements and backroom bilateral deals. The one covenant that counts—is the promise we make to the people we serve.

Thank you.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session the Presiding Officer laid before the Senate a message from the President of the United States submitting a nomination which was referred to the Committee on Armed Services.

(The nomination received today is printed at the end of the Senate proceedings.)

REPORT ENTITLED "HIGHWAY SAFETY: 1994"—MESSAGE FROM THE PRESIDENT—PM 83

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:

I transmit herewith the 1994 calendar year reports as prepared by the Department of Transportation on activities under the Highway Safety Act, the National Traffic and Motor Vehicle Safety Act of 1966, and the Motor Vehicle Information and Cost Savings Act of 1972, as amended.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 21, 1995.*

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 2:13 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker signed the following enrolled bills:

S. 464. An Act to make the reporting deadlines for studies conducted in Federal court demonstration districts consistent with the deadlines for pilot districts, and for other purposes.

S. 532. An Act to clarify the rules governing venue, and for other purposes.

At 5:45 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence with the Senate:

H.R. 1617. An Act to consolidate and reform workforce development and literacy programs, and for other purposes.

The message also announced that the House insists upon its amendments to