

Mr. FORD. Mr. President, I am not opposed to the creation of a wildlife refuge, as proposed in the bill. What concerns me is the idea that we here in the Senate can or should designate thousands of acres of cropland—over 7,000 acres of cropland—as a wildlife refuge without even consulting affected farmers. What concerns me is that we would make this designation without consulting or seeking the consent of the affected localities. What concerns me is a proposal that results in Kentuckians writing to me to say, “no one seems to listen” isn’t that something?—“no one seems to listen to what the majority of landowners and farmers, who are directly involved, are saying.”

With my amendment, we will be listening to the people of western Kentucky. My amendment, unlike the proposal in the bill, has the support of citizens in Kentucky who live around the Land Between the Lakes and helps to preserve a vital natural resource we already have.

I urge my colleagues, if we get to the Interior bill, that they support the adoption of my amendment.

I thank the Chair and yield the floor.

UNANIMOUS-CONSENT AGREE-
MENT—VETO MESSAGE TO AC-
COMPANY H.R. 1833

Mr. LOTT. Mr. President, I ask unanimous consent that the veto message to accompany H.R. 1833 be temporarily set aside to be called up by the majority leader after consultation with the Democratic leader.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

MARITIME SECURITY ACT

The Senate continued with the consideration of the bill.

Mr. GRASSLEY. Mr. President, I rise to speak on the maritime bill that is before us. I, first of all, want to compliment the leadership of the Senate, plus the managers of this legislation, because we are bringing up maritime legislation in the daylight. The last time it was brought up it was the last item on an omnibus bill, a very big omnibus bill. It was at 9 o'clock at night. It was just before we were taking a week's recess. And it was to finance a subsidy for the maritime industry.

For something that costly, for something that important, it seems to me it is not something that we should try to sneak through in the dark of night as the last piece of business because con-

troversy that is connected with it might not be so welcomed to be answered. And, consequently, we just avoided all the necessary discussion we ought to have of very costly legislation.

So here we are not doing it on a Friday. We are not doing it late in the evening. And I want to compliment the leadership for bringing up a very important new program, a very costly new program, at a time when it can be given some legitimate consideration.

I also want to compliment our majority leader because he has been very forthright with me and very open with me in making sure that I had opportunities to present my point of view and to offer amendments. And it was not handled in the stealth manner that I have teased him about in the past as this bill was working its way out of committee. So I think again it is being done in an open and very forthright manner so we can have discussion on this.

I see the leader has come in. And if he is here to do other business, I would be happy to yield to him for that sole purpose.

Mr. LOTT. Mr. President, would the Senator yield just briefly?

Mr. GRASSLEY. I will yield, not losing my right to the floor, yes.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. I want to thank the distinguished Senator from Iowa for his comments. I know that this is an issue that he has an interest in. We talked about it. And I had indicated to him earlier, even though we picked at each other for years on this subject, that this would certainly be something that he would be given notice on and that we would meet with him and talk to him about the substance, about what was within it and not within it, and to give him ample time to study it and prepare remarks and amendments.

The only reason we are starting as late in the afternoon as we are is because I believe he had a conflict, and we wanted to try to accommodate him earlier. We are going to continue to proceed in that way. We want to make sure everybody has a chance to make their case and look at this legislation very carefully. I appreciate his attitude and his comments very much. I just wanted to thank him for that.

Mr. GRASSLEY. While we are talking about accommodating me, from 8 to 8:30 I have my monthly town meeting via television satellite with the people of Iowa. I would like to be able to keep that.

Mr. LOTT. If the Senator would yield for me to respond to that, and for no other purposes, Mr. President, we certainly have other Senators that want to make statements and maybe debate on amendments. We will make sure that nothing happens during that time that would be a problem for him. I yield the floor.

Mr. GRASSLEY. Mr. President, why are the taxpayers up in arms about

Washington, DC? I think it is because they know how to spend their money better than Washington does. Americans are overtaxed. Ask any of them. Washington is also overweight. Today American workers work longer, they work harder, just so that Washington can spend more of their money. Taxpayers sacrifice more, I am sorry to say, so that Washington can spend more. That is just not right.

I want to make it possible for taxpayers to keep more of their own money. Part of that is to get Congress then to stop spending so darn much of it in the first place. That is why whenever I see a grossly wasteful program, I feel obliged to squeeze the fat out of it. And I urge my colleagues to help in that effort.

Maritime subsidies, the subject of this legislation, is one, one blatant example of how Washington wastes taxpayers' hard-earned money. It is a case study in how Washington turns common sense upside down. Instead of competition for lower costs, this program creates a monopoly that raises costs. Now we all expect competition to lower costs, and in most instances it does lower costs, but the program that is in this legislation creates a monopoly. And you know what happens most of the time when you have a monopoly? That ends up raising costs.

Instead of supporting the national security, as this program purports to do, this program is becoming irrelevant to national security.

This program delivers to the taxpayers higher costs and no national security benefit. Should that not be a clue that this program is wasteful? I know how the taxpayers would answer that question, Mr. President, but I am not sure yet how my 99 other colleagues will answer that question.

There is an old way and a new way of doing business in Washington. The old way is to spend money to get reelected. Just tax the citizenry more to pay for that effort. The money goes to wealthy companies—we call that corporate welfare—and it goes to powerful unions. It becomes corporate and union welfare. They keep getting more money from the Treasury and then they have clout. They pay contributions to reelect friends; that way they do not have to be accountable for the taxpayers' money.

A very ineffective program can exist and survive in Washington simply because it has so much clout. That is the political game in Washington. That is the political game that the grassroots of America, if people are candid with you, are sick and tired of. That is also how Washington wastes the taxpayers' money. To Washington, it is not waste. No, it is not waste. It is currency. It is the cost of getting reelected. That is the old way of doing business in Washington.

The new way, beginning with this Congress, is to be frugal. The era of big Government is over. Even President Clinton said that in his State of the

Union Message. Of course, even big-spending liberals are saying that. We are a vote or two shy of the balanced budget constitutional amendment, and maybe then, eventually, of getting a balanced budget. The days of fiscal responsibility are nearly upon us.

That is why, Mr. President, I view this vote on this bill, my amendments to this bill, as a test case for this Congress, a test between doing business the old way and doing business the new way. Taxpayers are tired of the burden we place on the taxpayers to feed the appetite of Washington bureaucracy. It is time for Washington to sacrifice for a change.

Mr. President, I am pleased to have this opportunity to share my concerns about the bill before the Senate. That bill is H.R. 1350, the Maritime Security Act. I am pleased to have the opportunity to offer a few amendments to address these problems.

Frankly, if these amendments pass, I intend to support the bill. When I talk about supporting and when I talk about amendments, because of my historical opposition to maritime legislation subsidies, the subsidies that are in the legislation, people might feel, well, I am gearing up to talk this bill to death and to not let it come to a vote. I have assured the leader that we are talking about minutes on amendments and some time for me to make opening statements. The legislative process in this body on this bill, even though maybe the outcome may not be to my liking, should work its will.

Mr. President, my criticism of maritime subsidies has centered upon the fact that taxpayers and consumers have suffered under the burden of monopoly. Let me emphasize that monopoly, maritime rates, and also hidden back-door subsidies, all meant to materially and beneficially impact our national security, but all the time we have these monopoly rates and these hidden back-door subsidies, the sad commentary is that it only marginally assists. I want to emphasize, only marginally assists our national defense.

This may be one reason that the Defense Department resisted so strongly having to pay for H.R. 1350, the Maritime Security Act. The Department of Defense resists paying for this cost, and yet it is being offered to us as necessary for our national security. Who is more concerned about the national security of the United States of America and our responsibilities in the world than, of course, the Department of Defense? Yet, let me say to you, this bill is being offered as necessary for our national security, yet the Department of Defense resists strongly having to pay for H.R. 1350.

It seems these subsidies have far more to do with maritime union welfare and with corporate welfare and much less to do with the defense of our Nation. The maritime union welfare focus is clearly borne out by the 1993 maritime decision memo prepared by President Clinton's very own Cabinet

officials. These Cabinet officials told President Clinton that the primary purpose of these maritime subsidies is to pay high-priced wages and benefits of seafarers. This is not Republican Senator Chuck GRASSLEY saying why we are having this bill before the Senate. This is the President's own Cabinet people saying that the primary purpose of these subsidies is to pay high-priced wages and benefits of seafarers.

Mr. President, now, again, besides the President's own Cabinet, I am not alone in opposition to our current system of maritime subsidies. Prominent public interest in taxpayer organizations such as the Citizens Against Government Waste, the National Taxpayers Union, Citizens for a Sound Economy, and Americans for Tax Reform all oppose H.R. 1350, the Maritime Security Act. These are the people who issue report cards at election time. These are the people that your constituents—who expect you to be fiscally responsible—look at how they rate you, as fiscally responsible or fiscally irresponsible, who put out reports, and legitimately so, in the spirit of free speech and the process of representative government, to tell you or your constituents, are you pro-taxpayer or anti-taxpayer? These organizations oppose this legislation.

I might add, however, that these groups do support the changes I seek, the amendments I offer. They support my amendments because this is clearly a taxpayer/good government issue. My amendments are also supported by a number of retired admirals.

Now, for my colleagues on the floor who are so closely and legitimately associated with uniform military leadership of America, I want to remind you the very same admirals I am talking about are the ones who had previously been listed as supporters of this legislation but had been given some sparse information about it. Their comments are revealing.

I refer, first of all, to a letter I received June 8, 1996, from Vice Adm. George P. Steele, U.S. Navy, retired. I will not read the entire letter, but he said in part:

My signature is on a form submitted by the American Security Council. I only signed that form to gain time for a mature study of a then-pending bill which could have resulted in subsidies for the VLCC's, and now that I see how my name is being used, I much regret it. I was invited to help that council formulate positions and I met with their representative, and I have not heard from them since, but I am not surprised that my opinions do not suit them.

I do believe that this country needs and should pay for only that part of the U.S. Merchant Marine that is configured in type and numbers to support our authenticated defense requirements. I am opposed to the continuation of Federal programs mostly designed to line the pockets of unions, owners, and shipbuilders unwilling to give up grossly inefficient practices. We desperately need a fresh start, not a continuing jobs program.

Signed, "George P. Steele, Vice Admiral, U.S. Navy, retired."

Then we have a Karl J. Bernstein. This is a handwritten note that I received in June 1996:

Thank you for your letter of May 30, 1996. It was most informative. Had I been aware of the facts, I certainly would not have agreed to the Maritime Reform and Security Act of 1995, as recommended by the American Security Council. Their pitch was the usual one: "We need adequate sealift." Of course, everyone will agree to that.

Then I have a letter from Rear Adm. J. L. Abbott, retired, U.S. Navy, June 11, 1996:

Of all the words, those quoted from a Defense Department memo—

That is the one that I said the Clinton Cabinet presented to the President to make a final choice on this legislation.

I will start over:

Of all the words, those quoted from a Defense Department memo strike me as most compelling. The issue of two major U.S.-flag container ship operators disposing of their U.S.-flag fleet is primarily an economic policy issue rather than a national security issue and should be treated accordingly. I certainly support additional hearings by both the Senate Commerce Committee and the Senate Armed Services Committee to probe exhaustively into the above-quoted statement in order to find out where the truth lies.

Mr. President, my staff has just advised me that when I was quoting from that last letter and I referred to the Defense Department memo, I said that was the very same memo the Cabinet people had given to the President for him to make his judgment on. I was in error. That memo referred to in Admiral Abbott's letter was the memo of former DOD Assistant Secretary Colin McMillen. That was Colin McMillen's quote I just gave.

I could give a lot of letters. I want to finish with this one. These are Charles Minter's comments, a vice admiral, and this is penciled in at the top of a questionnaire that I sent to him asking him to fill out. He said:

I greatly appreciate your bringing to my attention facts of which I was previously unaware. I strongly support additional hearings at which voices in opposition can be heard so that legislation which best deals with our sealift capability to be effected.

I only bring these letters to my colleagues' attention because there is going to be a lot of weight put on by the proponents of this legislation in support of this legislation, saying that we have all these retired admirals who are saying this legislation is absolutely essential. I didn't know what sort of reaction I would get from these admirals. Obviously, all of them did not write back saying that they disagreed with their original position. But I would like to have my colleagues take with some caution this reference to their support, because we have a lot of these admirals who have questioned the use of their name.

We also have Admirals Minter, Edward Martin, Victor Long, Theodore Almstedt, Robert Stroh, and I have already talked about Karl Bernstein.

These folks particularly were on record that we needed further hearings on this bill. We worked very hard with the chairman of the Commerce Committee to get hearings, and he consented to have those hearings, and they never materialized because of legislative responsibilities. But the reason for further hearings was that, at the time this bill had a hearing on it, opponents asked for an opportunity to be heard and there was no opportunity for the opposition to be heard. So the committee record, obviously, is not complete, because you should have both a balance between those who support legislation and those against the legislation. But the leadership wanted to move this bill out of committee very rapidly. That caused me some concern a year ago. I wish it hadn't happened, but it does happen, and when those hurdles are crossed, we are where we are now. So, hopefully, some of these things could have been worked out in committee.

Now, these admirals that I referred to also support my amendments to, first of all, restrict tax-supported seafarer war bonuses to those given regular military, so that there is a parity between our full-time military people who get war bonuses along with seafarers who get bonuses. I will show you where there is a terrible distortion and unfairness in that.

Seafarers, unlike people in the military, reserve some right to serve when called on, and our full-time military people do not have that right. So I have an amendment dealing with that subject. The next one requires subsidized U.S. carriers to provide both U.S.-flag vessels and crews in meeting its military obligations and does not allow them to substitute foreign flags and foreign crews for any or all of their military sustainment voyage responsibilities.

That amendment is a direct result of something Senator LOTT said before he was floor leader, when this issue was up, as I referred to well over a year ago, when it was brought up late in the evening on a Friday before we were taking a recess. He said that we have to have this program because we have to make sure that American merchant mariners with American-flag ships are available to transport our materiel. This legislation does not require that. This legislation allows contracting for non-American-flag ships to do that.

Fourth, we would provide for the Department of Defense, and other agencies, buy-America type laws that protect taxpayers from price gouging. Again, all of these admirals are listed by the American Security Council as supporters of this bill before us. Yet, when given some facts—and we mailed them the Rubin-Clinton maritime memo, which is a memo that I previously referred to that the Cabinet sent to the President to make his decision as to whether or not he should get behind this legislation. These admirals, particularly after reading the Rubin-Clinton maritime memo, agreed that my amendment should pass and that further hearings should have been held.

I offer these as basic commonsense amendments. They are protaxpayer and prodefense amendments. If we continue to subsidize maritime in the name of national defense then the U.S.-flag carriers and seafarers must serve when called. It must not be optional. It is not optional for the people right now who are leaving the United States on their way to Kuwait because of problems in Iraq with Saddam Hussein, and the President defines those problems as needing another 5,000 troops on the ground in Kuwait. You saw those families on television last night with tears in their eyes but with an understanding that this is their job. And without question, they just pack up and go when called. The people operating our maritime fleets have an option.

Of course, as with any taxpayer subsidies, taxpayer protections ought to be provided. So my amendments will do that.

I want to highlight a few problems, and be more specific than I have with H.R. 1350.

Problem No. 1: It is simple—maritime union and corporate welfare. If someone told you, Mr. President, that the Clinton administration was trying to mislead us, someone might respond, "What's new?" What would be new is after receiving clear evidence that this ploy involves a jobs program for the maritime union that the Republican-controlled Congress went along with it. And the Republican Congress, when I am done, is going to know that this is what this is. How people vote is their choice. But it is not the Clinton administration that is misleading us. We bear some responsibility on the majority side of the aisle for that. Earlier this year, Citizens Against Government Waste delivered to every Senate office such evidence. And it is this internal White House memo from Secretary of the Treasury, Robert Rubin, to President Clinton discussing maritime subsidies. This memo represents the deliberations and conclusions of the political heads of 16 different executive branch agencies—departments, and agencies. We have a memo from the President's own people to the President. I suggest that it was never intended that this would ever get into the public domain. This memo now shows that 15 of 16 agencies supported a deficit-neutral maritime subsidy option that—this is from the memo—"would meet the Department of Defense maximum military requirements."

There were three options in this memo. There was one of deficit neutral. That means, if you change your program, there is enough money someplace else in the budget to pay for it, or it is not going to cost any more than what is in the budget presently for that program. You have 15 out of 16 agencies. These are appointed by a Democratic President. They support a deficit-neutral option. Only the Transportation Secretary opposed this prodefense, taxpayer-friendly option because—again from the memo—"it provides less support than is sought by

the industry and its supporters." Fifteen out of sixteen Democratic heads of agencies say we ought to take this option because it is deficit neutral, and it would still meet our military needs. You have 1 out of the 16, the Department of Transportation Secretary, who suggests that the other 15 ought to be ignored because their option provides less support than is sought by the industry and its supporters.

Here is the President of the United States representing 269 million people, the only political office representing the entire Nation, who is given a memo by 15 of his advisers saying here is a revenue-neutral option that will meet our military needs. But he has one who says, "Well, forget about the military needs. Forget about being deficit neutral. The industry wants this, and its supporters want this."

So instead of listening to the people, instead of listening to 15 of your 16 department heads, you get a recommendation from one person who says it is based upon what the industry wants and what its supporters want.

And that is what we have before us. What is truly remarkable about this memo is the admission that "subsidies are needed principally to offset the higher wages of U.S. mariners." President Clinton ignored the plan supported by 15 of his agency heads including, let me say, the agency that is concerned and which administers our national security—the Defense Department—and sent to Congress a far more expensive bill that 3 years later is basically included in H.R. 1350.

In other words, for President Clinton, the era of expensive Government is not over. With regard to the maritime labor subsidies he still supports wasteful Washington spending, and the subsidies that that spending means.

We all thought that this Congress was going to reform welfare as we know it. If we can eliminate welfare affecting the poor, you would think that we could eliminate welfare of the wealthy maritime companies such as Sealand and powerful maritime unions. But, of course, as we all know, welfare is great, if you can get it.

I suppose that might be what MIT's Defense and Arms Control Studies Institute Director, Harvey Sapolsky, was driving at when he was quoted in the August 1991 Defense News. He said this, and I quote: "Despite any accompanying rhetoric about national security, subsidies for the Merchant Marine fulfill the commonplace desire of obtaining a livelihood without the burden of having to compete to earn a living."

So I want to get it straight from the beginning of this debate. Both the Clinton administration officials and the Massachusetts Institute of Technology defense experts agree that maritime subsidies are little more than welfare.

What I find really interesting in this whole approach is that Members of

Congress—particularly my friends on the other side of the aisle—denounce corporate welfare. And you even have Republicans saying that because we had in our tax bill of a year ago \$30 billion for elimination of corporate welfare. So you are on to something. Yet, I will bet most Democrats plan to vote in favor of H.R. 1350 which will give wealthy maritime corporations hard-earned taxpayer dollars that these companies hardly need; hardly need.

For instance, after years of opposing subsidies, Sealand looks to gain the most from H.R. 1350. Why should taxpayers of this great country, people that work 40 hours or more a week, or families where two people work and can't pay their bills at the end of the week because so much of their income goes for taxes—why should these hard-working American taxpayers subsidize one of the world's largest and most successful container vessel companies that in recent years has posted record-breaking profits? Are Democrats for corporate welfare? Are these the Democrats, who have awakened Republicans to the crime of corporate welfare so that we put \$30 billion of reduction of corporate welfare in our tax bill—are they for corporate welfare now when they support this bill? It appears so. But now what is really up? It is that, while Republicans complained about the millions upon millions of dollars that the AFL-CIO is spending to return Congress to Democratic Party control, my Republican-controlled Congress is on the verge of approving \$1 billion in subsidies for some of the most politically active labor unions in the country.

How many Tuesdays and Wednesdays that Republicans meet—this is no clandestine meeting. These meetings are on everybody's schedule. How often do we meet as a Republican Party—I suppose the Democrats meet as the Democratic Party, and they may talk about the same things we talk about but from a different perspective—how many times do we meet and the subject is always coming up of the \$35 million that the AFL-CIO is raising by taxing their members more—that \$35 million is on top of what they are paying in labor union dues—this \$35 million for the campaign for Democrats to regain control of the U.S. Senate?

We are always talking about that. We are nervous about that. We think it is awful that 40 percent of the union members who vote Republican are taxed by their leadership to run these horrible ads, and let me say intellectually dishonest ads, scaring the old people of America against Republicans. Forty percent of those union members vote Republican. They are taxed to run these ads against the political philosophy that they agree with, and they do not even have anything to say about it because this administration rescinded a rule that the Supreme Court gave the minority of American union members the right to ask for their dues back, that portion of which goes for political

education. That rule was rescinded by this administration, so that 40 percent of the union members this year pay these dues to perpetuate a lie on television.

We are concerned about that in our Republican caucus, and yet here we have a Republican-controlled Congress on the verge of approving \$1 billion in subsidies for some of the most politically active labor unions in this country.

Now, I want to give this some perspective because this is not just \$1 billion, and this is not just \$35 million that is being spent for this advertising now; this is real money per seafarer.

In an old report, in 1977, by the former House Merchant Marine Subcommittee ranking Republican, because the Republicans were in the minority then, Congressman McCloskey of California said all of the AFL-CIO members each averaged about 11 cents towards campaign contributions.

Obviously, that is way up now with the \$35 million.

But there is a contrast between the rest of the AFL-CIO and the Seafarers International Union that contributed \$29.06 to political activity. The Marine Engineers Beneficial Association gave a whopping \$56.81 per seafarer, which is over 500 times what the average AFL-CIO member gave.

So here we Republicans stand today about to approve a 10-year \$1 billion subsidy to pay maritime labor which, at least back in the 1970's, was about 500 times more politically active than the rest of the AFL-CIO unions.

Remember, that is what the Clinton Cabinet told us these subsidies were for—to pay for high-cost maritime labor unions. And I want to read that quote again. Secretary Peña said that you could not go with that option that 15 out of 16 Democrat agency heads wanted because it provided "less support than is sought by the industry and its supporters."

Now, that is problem No. 1 of this bill.

Problem No. 2 is that the Department of Defense already has VISA. VISA is an acronym for Volunteer Intermodal Sealift Agreement—VISA, V-I-S-A, Volunteer Intermodal Sealift Agreement. We are being told that this bill, H.R. 1350, will provide our national defense with a wonderful new intermodal transportation system that is crucial in time of national emergency. What is not commonly known is that VISA—again, the Volunteer Intermodal Sealift Agreement—is already in place and will be used to implement H.R. 1350.

Most U.S.-flag carriers have already transferred from the Sealift Readiness Program to VISA. The key point is legal authority already exists for VISA, and that is the Defense Production Act of 1950, and therefore H.R. 1350 and S. 1139 are not needed—not needed unless, of course, you want to funnel welfare subsidies to maritime unions, as revealed in the Rubin-Clinton memo.

So not only is this a high-cost program, but it adds little national security benefit. What kind of a deal is that for the already heavily burdened taxpayers of this great country, people who are spending for State, local, and Federal taxation 40 cents. A Washington bureaucracy is going to waste this money.

Problem No. 3 is that in the process of consideration of this legislation and building grassroots support for it, the active and retired military was misinformed. So some would ask the question, is this merely labor and corporate welfare? And, if so, why does our military support H.R. 1350 and S. 1139? The answer is simple. The Rubin-Clinton memo is evidence of the real position of our defense officials—not this bill. They offered a deficit-neutral plan that would subsidize their true military requirements—as few as 20 U.S.-flag vessels.

But when the Commander in Chief—and that is President Clinton—ignores his defense officials—he ignored the Department of Defense; he ignored 14 other agency heads—and he chooses a more expensive plan, the subsidies that are now included in this bill, then, of course, at that point you know he is the Commander in Chief. The military heads have no other choice but to publicly support their Commander in Chief's decision. Anybody participating in defense budget hearings has experienced firsthand this problem. Military leaders have to fall in line with the Commander in Chief.

But what about all of those retired admirals who support the Maritime Security Act? You can legitimately ask, shouldn't their view be entertained with some degree of authority because of their lifetime commitment to the national security of our country?

It has become clear to me that these retired admirals lent their name to an effort for which they had few reliable facts. Certainly, they did not know about the specific problems with the bill, nor did they know anything about the Defense Department's position, and they surely did not know about the Rubin-Clinton maritime memo.

As I stated earlier, I wrote to a number of these retired admirals giving them a copy of the Rubin-Clinton maritime memo, and I also sent them other information.

I received those very interesting responses that I have already quoted from. Some felt that they had not been fully informed and now support, at the very least, further hearings, and some support these amendments.

Problem No. 4 is that we have adequate sealift capacity with or without these subsidies. Now, here you get to the nitty-gritty of this legislation. It has been the same nitty-gritty for 50 years that we have been trying to promote a strong maritime industry. The excuse is we need it for our national security. I say, and the Department of Defense says, in a deficit-neutral way, with one of the other three options,

their demands for the shipment of materiel in wartime can be met.

U.S.-flag companies have made it clear that their vessels will be available for national defense sealift if they reflag. In fact, our Government makes certain that, if they reflag, they flag under a country that allows the United

States to maintain control over the vessels. The Defense Department Joint Chiefs of Staff prepared a definitive analysis of the sealift capacity and availability. It is included in the MRS Mobility Review Study, Bottom-Up Review update.

I ask unanimous consent to have printed in the RECORD an unclassified table from this study, which details the projected sealift capacity upon which our military can depend.

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

TABLE C-17.—(U) FISCAL YEAR 2001 PROJECTED SEALIFT ASSETS WITHOUT MARITIME REFORM
[Unclassified]

Fleet	Ship type	Number	SqFt capacity	TEU capacity	Cube capacity
RRF	Breakbulk	47	551,111	0	842,074
	RO/RO	36	5,699,660	0	0
	Barge Trans	7		1,264	299,000
	CONT—RO/RO	1	47,906	501	
	T—ACS	9	359,816	667	48,170
	Passenger	2		175	42,140
	FSS	8	1,705,385	360	
MSC	LMSR	11	3,955,276		
	Breakbulk	3	44,361		68,200
	RO/RO	3	525,464		
	CONT—BB	1		726	34,600
	RO/RO	13	2,044,835	6,053	
MPS	CONT—RO/RO	2		600	
	LMSR	8	2,721,388	2,400	
T-AVB	RO/RO	3	274,663		34,500
	CONT—NSS40	2		4,000	
APS	Barge Trans	5			174,888
	Heavy Lift	2	88,912		
	T—ACS	1	53,642	36	5,785
	Breakbulk	1	4,054		3,250
	RO/RO	2	284,902		
	CONT—NSS20	2		2,140	
	CONT—NSS40	6		13,700	
EUSC	Breakbulk	24	558,553		309,195
	Car Transport	7	1,235,000		
	CONT—RO/RO	3	36,450	5,580	
	CONT—NSS20	2		890	
	CONT—NSS40	52		175,368	
	CONT—SS40	2		1,136	
Allied	Breakbulk	22	205,108		135,000
	Car Transport	3	733,482		
	CONT—NSS20	5		9,583	
	CONT—NSS40	10		12,003	
	CONT—SS40	1		250	
	CONT—BB40	1		276	12,386
	CONT—BB40	2		276	12,386

¹ U.S. flag numbers are less economic withholds.

Mr. GRASSLEY. What is striking about this table is the extent of the vast array of sealift capacity that will be available to the United States in the event that H.R. 1350 subsidies are not passed.

I want my colleagues to note in particular the large number of vessels available to us. These vessels are what we call “effective U.S.-controlled vessels,” and they include vessels that are owned by American companies. Foreign flags are reliable. First of all, keep in mind that many foreign-flag vessels are actually owned and controlled by American companies. They flag foreign, they flag under a foreign nation primarily to avoid the unbearable cost of the high salaries and benefits of U.S. seafarers. Foreign-flag vessels delivered about 50 percent of all cargo in the Persian Gulf war. Nearly 200 foreign ships were chartered from 36 nations. Only one ship loaded under DOD contract did not complete its voyage. The handful of small foreign feeder problems were the result of contract disputes with U.S.-flag carriers, not foreign flags.

But far more important is the fact that Congress has already funded the Department of Defense’s wartime sealift requirements. Congress provided over \$7 billion in the 1980’s and will provide another \$10 billion in this decade to meet the Department of Defense’s unique strategic sealift requirements. The Department of Defense has, over the last two decades, constructed

and purchased a sealift force to unilaterally meet our prepositioning and surge sealift wartime requirements as specified by the Bottom-Up Review. The ships of the Department of Defense’s strategic sealift force are of the unique military design required to transport heavy tanks and other out-sized fighting equipment.

Remember, most of the vessels subsidized by the Maritime Security Act are container vessels that will carry, primarily, sustainment supplies, such as clothing and food, and not sensitive military equipment. This brings all the more light to the significance of the conclusion of Massachusetts Institute of Technology’s defense expert, Harvey Sapolsky, who stated:

Most of the amount hauled in a crisis is done by government-owned standby and reserve ships.

Moreover, there is a ready charter market for commercial cargo vessels when more ships are needed.

The price required for these services in a crisis is cheaper than the cost of maintaining a large subsidized commercial fleet for a mobilization that may not happen again for years.

So, with problem No. 4, the Department of Defense has the capability of meeting our national security needs, getting our materiel from wherever it is now to wherever it must be to conduct war. They do not need this legislation. The Department of Defense said that when they recommended, along with 14 other department heads, to the President of the United States that

there is a revenue-neutral, there is a budget-neutral way of doing this that meets our national security needs. That is the Department of Defense. That is 14 other department heads that say that.

Problem No. 5, this bill is not needed to maintain an adequate pool of American seafarers for defense sealift. This, again, refers to the Rubin-Clinton maritime memo. These subsidies will preserve about 2,500 seafaring jobs. There are numerous other sealift manning options. Mr. President, \$100 million a year to save 2,500 jobs is too steep a price for taxpayers, in view of all these other options; \$100 million to save 2,500 jobs.

This is the high cost of maintaining a monopoly, as I said earlier. This high cost reflects the great success in playing the Washington power game.

Modern, highly automated ships require fewer seafarers. The Government has carefully studied many measures to crew sealift. These include expanding the Naval and Merchant Marine Reserve programs.

What would be particularly cost effective is the option of certifying the mariners employed in the Great Lakes and inland waterways. This option would provide a very large labor pool of over 60,000 mariners who could be used during a national emergency.

Again, if you read the Rubin-Clinton memo, at the bottom of page 3—and this will be made available; it has been made available for everybody this morning in their offices, so every staff

person has this. The Clinton administration argues this:

Subsidizing carriers simply to preserve jobs would leave the Administration hard pressed to explain why it should not also subsidize every other industry that suffers job losses.

It is too bad that part of the Rubin memo was not followed, because that lays it out as plain and simple as you can. If you spend \$100 million to save these 2,500 jobs, it is going to open it up so the President is letting down the floodgates for efforts for other new subsidies for other whole industries that suffer job losses.

I might ask, just what kind of seafarers' salaries and benefits are we forcing taxpayers to support? Again, in the Massachusetts Institute of Technology Manning study—according to this study, a master or a captain billet costs about \$34,000 per month to pay for salary, benefits, and overtime; \$34,000 per month. The earlier draft report placed the monthly cost at \$44,000, but was lowered in the final report when I made it public that the taxpayers are forced to subsidize about 85 percent of these salary and benefit costs.

This MIT study concluded that with adequate reforms, such as eliminating featherbedding, we can lower subsidies to a little over \$1 million per year. Unfortunately, H.R. 1350 provides well over twice that recommended by the Massachusetts Institute of Technology, which is \$2 million per year.

Again, the Rubin-Clinton memo says at the bottom of page 9:

Subsidies are needed principally to offset the higher wages of U.S. mariners.

Let's face it, these high-priced wages and benefits taxpayers are forced to subsidize are at the heart of the demise of our merchant marine fleet. A dozen years ago, then military sealift commander, Vice Adm. Kent Carroll, warned our merchant marine was crumbling. Twelve years ago, we had a vice admiral warning us about the crumbling of our merchant marine:

Why are we in such a mess? One of the reasons is that crew costs continue to be the highest in the world. Monthly crew costs of U.S.-flag ships are as much as three times higher than those of countries with comparable standards of living, such as Norway.

Mr. President, the former military sealift commander hit it on the head. The taxpayer-supported crew costs are driving U.S. carriers to reflag. It makes a mess of the U.S.-flag merchant marine, and it makes a mess for the American taxpayers. It is time for real reform, but that has to be real commonsense reform.

I yield the floor.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Texas.

Mrs. HUTCHISON. Mr. President, for more than 5 years, the Congress and two administrations have worked on a bipartisan basis to develop and enact into law a critical program to reform Federal support for the U.S. flag mari-

time industry and to revitalize our merchant marine as an element of our national defense sealift.

As chairman of the Subcommittee on Surface Transportation and Merchant Marine of the Commerce Committee, I am proud to say that this job is nearly complete. On December 6 of last year, the legislation that embodies this program, H.R. 1350, the Maritime Security Act of 1995, passed the House of Representatives with overwhelming support by voice vote, with full leadership support on both sides of the aisle. Here in the Senate, we have held full, open and public hearings in the Commerce Committee with all interested parties having the opportunity to present their views for and against this program. Significantly, all individuals or organizations affiliated or associated with national defense indicated support for this proposal.

I think you can see from the bipartisan nature of this bill—my colleague on the other side of the aisle and I, working with Senator STEVENS, who is the manager of this bill—that there is agreement on a very important reform that we must produce, and it improves the efficiency of the current program.

Here is what the bill does:

The Maritime Security Act will provide a fleet of militarily useful U.S.-flag commercial vessels and their American citizen crews for our Nation's defense airlift and sealift, as well as guaranteed access to modern intermodal transportation networks and management that can deliver cargo from Kansas to Kuwait and track it every step of the way.

For DOD to duplicate this necessary capability, it would cost over \$800 million per year, eight times the yearly cost of the Maritime Security Program. When you think about it, maintaining that kind of ship fleet would be something that the Department of Defense would say would certainly increase their budget. But here we can do it for half the amount than has been done in the past, and it will do the job.

The Maritime Security Program Act, the bill we are discussing, will cut the cost of Federal support for these sealift vessels more than 50 percent from the program now in existence. This will have a spending limit of \$100 million a year, compared to the current level of roughly \$210 million per year, and this funding is subject to appropriations, not an entitlement, which is currently the case. So you can see that we are cutting back on the subsidy while maintaining this fleet at a much more efficient rate than we could do if we had to maintain the fleets within the Department of Defense.

The Maritime Security Act will eliminate outdated and unnecessary rules and regulations which impede the ability of U.S.-flag commercial vessels to compete, and that prevents, of course, the expansion and modernization of the U.S.-flag fleet. These changes will give our fleet more incentive to hold down costs.

This act will encourage the construction of commercial vessels in U.S. shipyards, a vital program for our economy and for our defense industrial base.

This act is essential to our defense. It is needed now, more than ever. Let me give you an example of how this works.

During Operation Desert Shield and Desert Storm, more than 350 ships in more than 500 voyages supported the multinational coalition, delivering an average of 42,000 tons of cargo each day. Under this program, 350 ships participated. At the height of this activity, there was a ship every 50 miles, a steel bridge along an 8,000-mile sea lane between the United States and the Persian Gulf. Ninety-five percent of all equipment and supplies needed by American soldiers in the field was moved by sealift. One-third was shipped on privately owned U.S. flag vessels, just what we are talking about today.

Using U.S.-flag vessels was more cost effective during Desert Storm. It cost about \$174 per ton of cargo under non-U.S.-flag vessels, but with U.S. flags, it was \$122, a 30-percent savings.

But more important, we were able to put American cargo on American ships using American crews to deliver to our American troops. In a time of crisis, we cannot depend on foreign ships. We cannot depend on foreign crews for sealift and sustainment requirements. Without this legislation, our Armed Forces would have to trust foreign vessels for the supplies and support they need to fight and win.

Mr. President, that is not right, and we are not going to let it happen. More recent events in the Persian Gulf area, where many of our closest allies have either refused to participate or refused to allow their soil to support American military operations, should make it very clear to everyone that we must have sealift fleets of vessels that we can count on under our flag and manned by Americans, and that is what this act does.

This act has the strong endorsement of the Department of Defense. General Rutherford, the commander in chief of the U.S. Transportation Command, our Nation's top logistics commander, testified at our Commerce Committee hearing last July that his command wants assured access to this type of quality and quantity of sealift capacity and mariners necessary to meet Department of Defense contingency operations.

This bill provides that. Without the enactment of this legislation this year, America's merchant marine on the sea lanes of the world could essentially disappear.

I am told that our number of U.S.-flagged ships could drop to below 100. Forty years ago, this country had the largest merchant marine fleet in the world and over 4,000 vessels flying the U.S. flag in international trade. Today, there are fewer than 400. Today, we are the world's largest trading nation, but 15 countries have bigger fleets than we

do. We send 96 percent of U.S. exports overseas on foreign-flagged ships. The United States must not become a second-class maritime power.

Geography dictates that lesson today as much as it did 50 years ago. This Maritime Security Act is sound and vitally important. It is important legislation for our Nation's security, and it has been carefully developed by both Houses of Congress. It is essential to maintaining our maritime industry and defense readiness.

Mr. President, this bill is a bill whose time has come. I urge all of my colleagues to support it. I yield the floor.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. I thank the Chair and my colleagues.

Mr. President, I would like to start off by saying how much we all appreciate the work that Senator INOUE and Senator STEVENS and other members of the committee have done in bringing this legislation to the floor.

It was interesting that one of our colleagues earlier said this is a new subsidy program. Well, it certainly is not a new subsidy program. We have had a maritime bill since 1936 which has done essentially what this bill does, and that is to support the American maritime industry. There is nothing new about this program. It certainly is not a new subsidy program.

It is new only in the sense that it is a major reform plan. It is a major reform plan in a number of significant ways because we on the committee, and I think most Members of Congress, know that while the old program has been a great help to our American maritime industry, there were some ways it could be improved.

I am not going to take a long time to hear myself talk on this proposition because I am not sure that there are right now any amendments even pending to the bill. I would like to think we ought to go ahead and pass it and move on to something else rather than spend time talking to each other about why we think it is a good bill.

I have only heard one of our colleagues talk in opposition to the bill. I think we ought to go along and get it passed. If anybody has any amendments, bring them up, let us debate them and move on with them.

I would like to point out that this is a major improvement. This is a major reform bill. No. 1, it greatly reduces the amount of money available to the American maritime industry to keep these private vessels available for the Department of Defense. It used to be running about \$225 million a year. We have cut it by more than half. The assistance that is in this bill is less than half of what the assistance to the ships in the American fleet used to be. When there is a greater demand for more, we in this bill have come up with substantially less.

So to those who say, well, we may have been spending more than we

should have, this bill addresses it. Instead of \$225 million a year being available to keep these ships afloat, this bill has \$100 million a year.

The second major improvement is that it is not an entitlement program. Throughout the history of the bill it has been an entitlement program. Whatever money was required was automatically available to the ship owners. This bill provides, for the first time—and this is a major, major change—that any of the assistance programs available to any of these ships has to be appropriated funds, appropriated by the Congress of the United States. It is no longer an entitlement program. That, obviously, is a major, major, and a very substantial improvement over the existing program.

It is subject to annual appropriations. That simply means—we all understand this—that every Member of Congress will get to look at this piece of legislation and this program, see how it is working, see whether we can justify the money each year and, if so, appropriate those amounts of money. On the other hand, if they think it is not working, then we have the same ability to lessen those appropriations. I think this is an absolute minimum that cannot go down any further than this.

As the distinguished Senator from Texas—and I was listening to her remarks—was talking about, this bill is important to the national security, the national defense of the United States. Simply put, we are spending a lot less money to have ships available in times of a national emergency than if we did not have this program, because if we did not have this program we would be spending up to \$300 million per ship to have them just sit there and wait to be used in a time of national emergency.

It is far better to say that we are going to help the operation of some American commercial vessels that are operating every day out there, that are crewed with U.S. men and women who have been trained and who are able-bodied seamen, who understand how to run these ships, do it every day, that we can call on those ships and say, yes, this is an emergency in a particular part of the world, and we need this ship right away to transport ammunition and equipment to some far part of the world to take care of a national emergency.

If we had to spend defense dollars to have these ships sitting there when there is not an emergency, we would be spending a lot more money than a paltry \$100 million. It would pale in comparison, if we had to build five or six \$300 million vessels just to sit there in case someday we might need them and they will be there.

Not only that, if we had the ships there, there is no guarantee the crew would be there. If the ships are just sitting somewhere in dry dock, what is the crew doing? The crew is not doing anything—it probably does not have a crew. So then you have to go out and

find the crew members in the time of a national emergency. Guess what? They are not going to be there.

So this legislation takes a very careful approach by helping to assist commercial vessels to operate with U.S.-trained crews, to have them available in times of a national emergency. They are ready to go from day one. And every private company that gets an assistance program under this legislation has to agree in advance that that ship will be available in times of a national emergency.

That is what this program is all about. It has been there since 1936. I suggest that when everybody says, well, we should not have subsidy programs, let us start off by saying, well, let us eliminate subsidies all over the world. It would be a great world. But that is not the real world. We have agricultural programs which have subsidies. I have supported them. I think they are necessary. But we also ought to have programs that make sense from a national security standpoint, from a national defense standpoint. I suggest that this is that bill.

This is not a new bill. This is not a new subsidy bill. It is a major reform bill subject to annual appropriations every year, and we have reduced the amount available by over 50 percent, from \$225 to \$100 million a year. That is a substantial and major, major change.

The other good news is, it has always been bipartisan. This has never been a Democrat-versus-Republican piece of legislation. It has the support that we have today. The majority leader, TRENT LOTT, from Mississippi, strongly supports it. Senator INOUE from Hawaii strongly supports it. Senator STEVENS strongly supports it. Senator HUTCHISON, from Texas, myself, from Louisiana, we all recognize that this is important for the national security of this country. It has always been bipartisan.

The first proposal which, in fact, really moved toward reforming this program was by President Bush, who really, for the first time in a long time, got involved in this and really had a Secretary of Transportation, Andy Card, who really said, "Yes, I'm going to put this deal together." And we worked on it in a bipartisan fashion. And, lo and behold, we now have this bill that President Clinton supports, that Secretary Peña has worked on for so long and so hard. It has been bipartisan. It was very similar before under President Bush and is very similar now under President Clinton and the Secretary of Transportation.

So this is truly a bipartisan piece of legislation. It has national defense implications. It is not a runaway program. We have drastically curtailed it. We have made it subject to annual appropriations.

I suggest, let us get on with the voting. I mean, if we have amendments, let us offer them and let us debate

them. Let us finish this. We are wasting time by just, I think, looking at it and talking about it and talking about it and talking about it and talking about it. I yield the floor.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I want to say that I agree totally with the Senator from Louisiana. This is a bill that has been worked on for a long time, and if there are going to be amendments—and that is fine—let us bring them up. Let us talk about them.

I think it is time to move this bill. It is a good bill. It is reform. It is going to save the taxpayers of this country \$100 million while preserving the right of our Department of Defense to take those ships when we need them, as we did in Desert Storm. It worked. It worked. And it is going to be better.

I think it is time for us to come together. Let us talk about the amendments. Let them have their fair shot, and let us get on with it. I appreciate his remarks. I yield the floor.

Mr. GRASSLEY. Mr. President, I had the opportunity to hear the Republican manager of the bill, the Senator from Texas, speak about her support of this legislation, and for part of my remarks, she was absent. I wanted to remind her of some concerns I have about this legislation.

That concern is the oddity we have here of the Democratic Members of this body campaigning to end corporate welfare, to such an extent that they even have us Republicans proposing tax legislation to eliminate \$30 billion of corporate welfare in our tax bill last year, and now the party that encourages doing away with corporate welfare, the Democratic Party, is very much for this legislation. Then you have the oddity of Republicans who considering the upcoming election are very, very concerned about the labor unions spending \$35 million for the Democratic Party, to help the Democratic Party regain control of the Congress, and Republicans abhorring that situation. Then here we have a bill that is corporate welfare. It is also maritime union welfare.

So we have the oddity of Democrats who condemn corporate welfare voting for a bill that is going to establish more corporate welfare, and you have Republicans who say how awful it is that men and women who belong to unions do not have any choice about the assessment for \$35 million more so that the unions can run ads against Republicans when 40 percent of the union Members vote Republican. Then here we are as Republicans, promoting legislation that is going to feed the treasury of the maritime unions.

This follows on that memo to the President where Secretary Peña was advising the President to ignore the recommendations of 15 out of 16 Cabinet agencies who said an option that was budget neutral and would still

meet the national security demands of our country should be ignored because the industry—meaning the maritime industry; and its supporters, meaning the maritime unions—wanted this legislation that had this subsidy in it.

So I hear the Senator from Texas suggesting support for this legislation, contrary to a lot of concerns we have on this side of the aisle. And when we have meetings of our party—and she is one of the leader's of our party—very concerned about what is being done through the use of mandatory checkoff of union dues. In our councils, we are concerned about this. Then I see the leaders of our party supporting, almost, the buying of the rope to hang ourselves.

I remind the Senator from Texas that we have letters here from four organizations who I think she would agree with 95 percent of the time, who we would agree with 95 percent of the time, who oppose this legislation. From Americans for Tax Reform, I have a letter that says:

This legislation, the Maritime Reform and Security Act of 1995 now pending in the Senate, Americans for Tax Reform strongly oppose the continuation of commercial maritime subsidies in any form, and strongly urges you to remove any such subsidies from this bill.

I have a letter from the National Taxpayer Union, also cosigned by the Council for Citizens Against Government Waste that says:

Most Members of the 104th Congress have prided themselves in ending welfare as we know it. Unfortunately, the Senate may soon consider H.R. 1350, the Maritime Security Act, which is nothing more than a corporate and labor union welfare. The Council for Citizens Against Government Waste will key vote these votes for 1996 congressional ratings,

and then it says that they are very much against this legislation.

Then I will read from Citizens for a Sound Economy:

On behalf of the 250,000 members across America, I want to express our strong opposition to H.R. 1350, the so-called Maritime Security Act and our strong support for amendments to this bill offered by Senator CHARLES GRASSLEY. The amendments would limit the cost to the taxpayer from this proposal without weakening our national defense.

I encourage leaders of our party, particularly those who are leaders of the group of us that have the most fiscally sound voting records, people who are always abhorring in our party meetings the waste of the taxpayers' money, and particularly when we have respected organizations like I just quoted from, those which we agree with about 90 percent of the time, why are we off the beaten path on this issue? Why are we Republicans, who pride ourselves for fiscal conservatism, subsidizing an industry, some of the same companies in the industry, that have the very highest of profits in recent months?

I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, before the Senator from Iowa leaves, let me tell him I compliment him for his courage in taking on this issue. I agree with him. I think the subsidies that the Senator outlined are outlandish, they are not sustainable, they are not necessary, and they should be eliminated.

I look forward to working with the Senator in the near future to have an amendment to do that. I compliment him for his statement, for his work, and for the work of the organizations trying to save taxpayers' dollars and to ensure that Government act responsibly.

Mr. HOLLINGS. Mr. President, I rise in support of H.R. 1350, legislation to revitalize and stabilize our maritime industry. It is long past time for legislation to stop the flight away from the U.S. flag. The United States has a long and honorable maritime heritage and tradition, but we are facing the prospect that our maritime industry might not be part of our future.

The U.S. Government has imposed regulatory demands on the U.S. shipping industry, demands that are similar to those we impose on other industries. These demands reflect our national interest in protecting the safety of our workers and our environment and include tax liabilities, safety regulations, and operating requirements. While our maritime industry carries these regulatory responsibilities, other advanced nations have given special treatment to their maritime industries in efforts to maintain core shipping capacity. But even such special treatment has often been insufficient to help shipping companies to resist the temptation to shift their operations to unregulated, untaxed flags of convenience offered by certain less developed countries. Currently, over two-thirds of the world ocean-going fleet is operated under flags of convenience.

The Maritime Security Program is designed to offset the costs of operating under the application of U.S. law, and to stem the flight of U.S. vessels from U.S.-flag to flags of convenience. H.R. 1350 completely overhauls the existing maritime subsidy program, and ultimately will reduce Government expenditures on maritime policies by over one-half. The program will help our vessels compete globally by reducing some of the regulatory burdens that have restricted the commercial operations of U.S.-flag operators.

In exchange for receiving payments under this program, U.S.-flag operators will be required to sign agreements to make their vessels and related intermodal assets available to the Department of Defense [DOD] to sustain U.S. defense operations. Additionally, the operation of U.S. vessels generates a surplus of U.S. mariners. U.S. vessels operate 7 days a week, all year round, thus necessitating more than one mariner for each particular position. This

surplus of mariners is instrumental in the crewing and operation of our reserve fleet of vessels. In the Persian Gulf war, the ability to crew our reserve fleet was seriously questioned, and the United States was forced to rely on 60- and 70-year-old merchant marine pensioners. Without the Maritime Security Program, we will not be able to crew the reserve fleet.

The United States relies on ocean transportation for international trade purposes and almost 99 percent of our international trade arrives on board a ship. Without a U.S.-flag merchant marine, we will be held hostage to the trade policies of foreign nations who would transport our goods abroad. The United States also relies on ocean transportation to protect our national security interests. U.S. shipping companies are required to sustain U.S. troops in foreign conflicts, and U.S. seamen not presently serving aboard ships are capable of being utilized to activate our reserve fleet of vessels in order to transport military equipment and other military surge cargoes. The continued presence of an active maritime industry ensures that the United States will not have to rely on the kindness of other nations to achieve important national economic and national security objectives.

The United States is the world's only remaining superpower, but we could be put in the position of sending U.S. troops into war with only the promise that we would supply them, and then only if DOD can charter vessels willing to deliver cargo into the war zone. This position would be simply unacceptable. Ironically, DOD has spent billions of dollars in the construction of surge sealift vessels, and billions of dollars in maintaining a Reserve Fleet of vessels. However, DOD has neglected the most important component in marine transportation: who will navigate those ships and deliver the cargo. The commercial U.S.-flag industry provides a labor pool of experienced personnel capable of contributing to any defense logistical support need. If we do not pass this legislation, DOD will be forced to implement a new, and I will guarantee, costly program to train mariners for use in reserve situations.

Attempts to formulate a maritime reform bill over the years have had bipartisan support, and I look forward to continued efforts with my colleagues to revitalize our maritime industry. However, today we should take the necessary steps forward to ensure that the United States continues to have a maritime industrial base—it is simply too important to our national and economic interests to allow to vanish into the mist.

Mr. BAUCUS. Mr. President, the U.S. merchant marine is facing an uncertain future. The U.S. commercial fleet is falling behind which diminishes its power to protect the United States' interests abroad and at home.

This is why I strongly support the Maritime Security Act of 1995, H.R.

1350. This bill would be the beginning of the rebuilding of the U.S. merchant marine fleet. It will establish a fleet of privately owned, active and military capable ships to help maintain the defense of the United States' interests. This will help maintain peace and protect cargo during times of crisis in the world. The fleet would also be updated because of the bylines in the bill which in itself would make the merchant marine stronger and allow it to continue being competitive in the world market.

This bill through the building of the fleet will create jobs in many sectors of the economy. The increase in the economy will range from the workers on the ship all the way to those manufacturing the parts. The bill will also change the way that the costs of running a ship in the United States are offset. This will encourage more owners to register their ships under the U.S. flag. From the changes, old outdated regulations will be cut, such as the way to replace older vessels. This in itself will help keep costs down and help generate profits and revenues for all.

This legislation is very much in our national interest. And I, therefore urge its passage.

Mr. McCAIN. Mr. President, I would like to take this opportunity to address a very serious concern about the pending legislation.

The bill authorizes the payment of \$1 billion to American shipping companies over the next 10 years to subsidize a 47-vessel, commercially owned Maritime Security Fleet.

Operators of American-owned, flagged and manned merchant marine ships participating in the MSF will receive a yearly \$2.1-million retainer to remain on call to provide sealift services in the time of national emergency.

I appreciate that this new approach replaces the current, more costly program, which pays American shipowners an "operating differential subsidy" to remain available in the event of conflict. Under the ODS program, the Federal Treasury pays carriers the added cost of operating a ship under the American flag rather than foreign flag—a yearly figure that has hovered around \$4 million.

So, I agree this program improves on the current situation. But, Mr. President, I believe we can do much better. I hope all Senators would agree we have an obligation to fully meet our military needs as cost-effectively as possible. The fact that the new program is more cost-effective than the existing scheme does not relieve us of our obligation to ensure that we continue to pursue the most cost-effective approach to meet our needs.

Let me emphasize: I profoundly appreciate that sealift is essential to effectively meet our security obligations across the globe, and that we must assure access to dependable vessels and qualified crews who will remain loyal to our cause.

Nevertheless, I am concerned that we are embarking on a program that may

be excessively expensive. One that is not based on reasonable contingency scenarios and one that does not take into account our access to vessels and manpower other than the domestic carriers qualified to participate in the MSF.

When I asked the Joint Chiefs of Staff the number of American commercial ships which are necessary to meet our readiness needs, I was informed that they do not have a definitive answer to that question. I am very dubious about authorizing a \$1-billion program without such basic information.

It is important to point out that the 47-ship level is based on assumptions that the United States must fight two major wars simultaneously with no allied assistance.

Sealift planning, like all readiness programs, should be based on realistic scenarios. Failing to plan realistically wastes money and skews priorities.

For instance, I don't believe it is realistic to expect that, in a scenario in which the United States is fighting two major wars, we will not have access to any allied ships.

Second, according to the Bottom-Up Review, the United States has access to nearly 90 ships which are operated under a foreign flag but are owned by United States citizens or companies and can be called upon in time of war. Our planning scenarios do not take into consideration our access to those vessels, many of which might be militarily useful.

My overwhelming desire is that we have strong and prosperous domestic merchant marine. I would hope, however, that we could accomplish that goal without having to resort to expensive subsidy programs. I would prefer that we address the core problems that make it much more expensive and difficult to operate under the American flag and eliminate incentives for carriers to operate under foreign flag.

I have discussed this matter with the distinguished majority leader. He understands my concerns, and we have agreed to jointly request from the Pentagon an analysis to determine the number of ships needed for the MSF, taking into account reasonable planning scenarios and our needs, factoring in: our access to allied ships; the availability of U.S.-owned vessels operated under a foreign flag; the impact of the ongoing equipment repositioning program; and the Pentagon's own sealift shipbuilding program. We should only subsidize those ships to provide services which far less costly alternatives cannot provide. We will request the Pentagon to report its findings no later than May 1, 1997.

Mr. LOTT. I first want to thank my colleague for his careful attention to this very important matter of national security and economic security. The Senator from Arizona has given our Nation's future maritime policy very thorough scrutiny, and he should be applauded for his efforts. Our colleague, Senator PRESSLER, has also

been in close consultation with me regarding maritime policy, and I wish to acknowledge his concern and his constructive efforts as well.

Let me begin by saying to the Senator from Arizona that I understand his concern and will join with him to request a report from the Department of Defense which describes under various reasonable and realistic scenarios the number of ships that should be included in the Maritime Security Fleet Program. I am firmly convinced that American-flag ships, crewed with loyal, American-citizen mariners, provide the most reliable, effective, and efficient means of meeting our Nation's sustainment sealift requirements and for providing the dedicated manpower to crew the Defense Department's organic surge vessels. At the same time, I agree it will be helpful for the Defense Department's report to also include information relating to DOD's reasonable expectations for access to allied ships; the availability of vessels operated under foreign flag but owned by U.S. interests; the impact of prepositioning programs; the need to crew the Ready Reserve Fleet; and the Pentagon's own shipbuilding program.

But I also want to emphasize that the Maritime Security Act is first and foremost about security. It is about protecting our national security, by ensuring that we will continue to have at our disposal a fleet of militarily useful U.S.-flag commercial vessels, and a trained, loyal American-citizen maritime workforce, to provide our military with reliable, global sustainment sealift capabilities. And it is about economic security, because only through maintaining a viable U.S.-flag merchant fleet in international commerce can we ensure fair ocean transportation rates for American businesses and consumers.

I want to assure the Senator that I understand his concerns with our Government's past maritime policies. That is why it is so important for me to make it clear that the Maritime Security Act is not business as usual. First, it will replace the existing Operating Differential Subsidy Program—at less than half the cost. Second, it is not an entitlement program. Only militarily useful vessels will be accepted into the Maritime Security Program; the vessel owners must apply to the Maritime Administration for admittance into the program. And third, for the first time ever, the military will have guaranteed access to the state-of-the-art land and sea intermodal logistical apparatus of the U.S.-flag commercial fleet. The people whose business it is to move cargo around the world will be actively assisting the Pentagon's transportation commanders, providing logistical know-how, intermodal equipment, and port facilities around the world.

The Maritime Security Program is the product of years of consultation among the military, the U.S. maritime community, and Congress. It is a well-

designed, bipartisan solution to meeting our Nation's military sealift requirements for the next 10 years.

That said, I would like to briefly address some of my colleague's concerns with this legislation.

It is most significant that we are engaged in this debate at a time when the United States is deeply involved in military operations in different parts of the world—specifically, Bosnia and the Middle East—which demonstrates the wisdom of our top military planners who have sought to prepare contingency plans should the United States become involved in two major regional conflicts simultaneously. And this discussion also comes at a time when we have seen several of our closest friends in the Middle East and elsewhere refuse to cooperate with the United States in opposing Saddam Hussein's aggression.

The events of the past few weeks in Iraq demonstrate most clearly that the United States cannot, and should not, rely on other countries to support our military operations. If some of our closest allies cannot be counted upon to allow the U.S. military to overfly their airspace, or to use our own American military bases located on their soil to carry out our Commander-in-Chief's instructions, then how can we put the safety and well-being of our troops in the hands of foreign-flag ships and foreign crews?

Furthermore, in recent years many of the vessels once in our allies' fleets have flagged out to flags of convenience, or joined second registers, and most of their crews come from Third World nations. The report that the Senator from Arizona is proposing may reinforce the need for the Maritime Security Program, because the fleets of our allies are no longer what they once were.

Some of our Nation's most distinguished current and former military leaders have said, time and again, that we must have U.S.-flag commercial ships and American-citizen crews to effectively and reliably meet our sustainment sealift requirements. I agree with their assessment. We must make sure that our soldiers, sailors, marines, and airmen will not have to count on foreign-flag ships to bring their supplies and ammunition to a hostile shore. They have also urged us to support the U.S.-flag merchant marine, because they know that the Government-owned Ready Reserve Force—the Pentagon's rapid deployment fleet—relies absolutely on the availability of American-citizen merchant mariners to crew its ships. If there is no maritime employment, there will be no merchant mariners, and we will be forced to turn elsewhere.

Foreign-flag ships and foreign crews have proved unreliable in the past, they have turned around and fled in the face of danger. The U.S.-flag merchant marine, on the other hand, has served with distinction and honor since the Revolutionary War.

Additionally, if we put our trust in foreign-flag vessel operators to provide our sustainment sealift, we can count on them to do one thing—gouge us on shipping rates. During operations Desert Shield and Desert Storm, our Government paid \$122 per ton for U.S.-flag ships to carry our military cargo. We had to pay foreign ships \$172 per ton. If there is no U.S.-flag alternative to carry that cargo, I cannot imagine how that price could go anywhere but up.

It is true that there are foreign-flag ships under the effective control of U.S. citizens. But I would point out to my colleagues that some of these are vessels that are not useful to the military, and some of them have foreign crews upon which we cannot rely in a crisis or conflict. I would also point out that the Maritime Security Act would create a partnership between U.S.-flag vessel operators and military logistics planners—a partnership that is already underway, and that promotes joint planning and shared logistics capabilities. That, to me, is a much more preferable alternative to requisitioning a foreign-flag ship that happens to be owned by an American citizen, and then facing the task of refitting it, or forcing its owners to bring it to a U.S. port. The latter solution gets America a vessel at best, if all goes well. The MSP gets America an entire intermodal network that can carry a container from Kansas to Kuwait—under any circumstances, with complete reliability, and tracked every single step of the way.

Once again, I would like to thank my colleague for his input on this issue. I respect his recommendations and I welcome his assistance in this matter.

Mr. McCAIN. The majority leader agrees then that before any contracts are renewed for the second year of the program, the fleet will be adjusted to the number of ships identified by the Pentagon as truly necessary?

Mr. LOTT. As I noted earlier, the legislation we are considering subjects the Maritime Security Fleet Program to the annual appropriations process. Consequently, my colleague is correct in that we have guaranteed Congress the right to review each year the size and scope of the Maritime Security Fleet.

Mr. McCAIN. I might add the quadrennial defense review provides an excellent opportunity to examine and update our needs in the area of commercial sealift.

The majority leader is aware of a second concern I have about the pending legislation regarding \$2.1 million per vessel subsidy.

While the \$2.1 million figure is roughly half of the per ships ODS subsidy, the figure is still somewhat an arbitrary amount.

I believe that in acquiring necessary sealift services, we should apply the same mechanisms of competition that we employ in other areas of Federal procurement and acquisition.

I'm disappointed that the bill contains no competitive bid process. It may be that the number of available vessels to fully meet MSF requirements will exceed the number of MSP slots.

In that case, we should have some mechanism to test the market and acquire the needed services at the lowest cost to the taxpayer through some appropriate bidding procedure. Again, the majority leader and I have discussed this issue. We have agreed to request the Pentagon, the Department of Transportation, and the General Accounting Office to work together to craft an appropriate competitive bidding procedure. The Agencies will report their recommendation no later than April 1, 1997, so that the procedure can be employed prior to the renewal of any contracts in fiscal year 1998. Implementing the procedure will require statutory changes and the majority leader has pledged to assist in effecting this modification.

Mr. LOTT. My colleague is correct in that I am pleased to join with him to request the appropriate Federal agencies to determine whether a competitive bidding process is appropriate to the Maritime Security Program and, if so, to recommend procedures for Congress to consider. Such a determination and any recommendations should be submitted to us so that we can proceed accordingly for fiscal year 1998 appropriations.

In finally deciding on a competitive bidding process, however, we must not undermine the program in the interest of competition. If operators do not have some assurance of stability if they are doing a good job, they will not participate in the program and upgrade their vessels. In that event, we will be throwing our money away.

Mr. MCCAIN. Mr. President, I would like to raise with the majority leader an additional question. Section 16(e) of the bill requires the Secretary of Defense to select nine ships in the DOD's Ready Reserve Fleet to receive regular maintenance and the bill directs the Secretary to geographically distribute the maintenance contracts. As we learned in the Gulf war, properly maintaining RRF vessels is critical to ensuring timely and efficient sealift capabilities.

Two issues are raised. First, we must make it absolutely clear that in selecting which Ready Reserve ships will be maintained, our national defense needs take priority over any secondary goal of geographically distributing the contracts.

Those ships best able to meet our sealift needs under the most likely contingency scenarios should be selected without any extraneous considerations.

Second, the goal of geographically spreading out the maintenance work must not take precedence over the Secretary's responsibility to obtain the highest quality services at the lowest price to the taxpayers. Quality and

price must remain the primary consideration of where we choose to have maintenance work conducted. Would the majority leader comment on that?

Mr. LOTT. I appreciate the Senator's concerns. It is certainly our intent that the Secretary choose those ships that are most militarily useful no matter where they are ported. Furthermore, it is not our intention that efforts to geographically distribute RRF maintenance contracts take precedence over quality and cost considerations.

Mr. MCCAIN. So the intent of the legislation is that the Government acquire the highest quality services at the lowest prices, irrespective of where the shipyard is located, and that the ships are selected for maintenance based on their military utility first and foremost.

Mr. LOTT. The Senator is correct. I appreciate the opportunity to make the clarification.

Mr. MCCAIN. Finally, Mr. President, I would like to express my concern about a perhaps unintended impact of a provision of this legislation regarding Maritime Security Fleet carriers who also contract with the Federal Government to carry non-military cargo and are paid the U.S.-flag vessel contract price.

Such carriers will now be allowed to subcontract non-contingency related Government work to foreign-flag carriers as a replacement for U.S. vessels called up under the Maritime Security Fleet Program to serve in a time of conflict.

We must be sure that when such subcontracts are entered into, the U.S. carrier receives from the Federal Government only the amount it pays for the subcontracted services, not the amount the carrier would otherwise receive for providing the services directly. I think this is a very important point.

Mr. LOTT. I thank the Senator. It is certainly our intention that carriers do not automatically receive the U.S.-flag vessel contract price if an MSP carrier subcontracts its work to a foreign-flag vessel. It is our intent that the Federal Government be able to renegotiate such contracts, based on the cost of the replacement vessel. Again, I thank the Senator for making this clarification.

Mr. MCCAIN. One final point: When the Pentagon analyzes our sea lift need they should work with the DOT to determine what the availability of American-flagged ships would be without the subsidy program. This is important information we must have before any contracts are renewed.

Mr. BURNS. I understand the benefits that the Maritime Security Program will bring to the United States. However, I am concerned that, because this program will be funded through yearly appropriations, folks will come looking for offsets every year, which might result in new tax proposals, user fee proposals, new duties, or other revenue raising mechanisms to be imposed

upon the maritime industry at some point down the road.

This would be devastating to the export/import trade in my home State of Montana, as well as in other States, because a tonnage tax is particularly harmful to bulk commodities. Bulk commodities, as we all know, are highly price sensitive in the extremely competitive world market—an increase of a few cents a ton, caused by new taxes or fees, can make the difference between whether a foreign purchaser buys U.S. grain or grain from some other country.

I do not believe that exporters and importers should bear the burden of funding—through tonnage taxes or user fees—this program. On the contrary, because the program is designed to benefit the country as a whole, it should be funded from general receipts from the treasury, and, as I understand it, that is what this act does, is that correct?

Mr. STEVENS. That is correct. It is an annual appropriation.

Mr. BURNS. So this act does not, in any way, contemplate funding this program by imposing new taxes, user fees, or other revenue raising devices that would adversely affect the maritime industry customers like the good farmers in Montana.

Mr. STEVENS. That is correct.

Mr. NICKLES. I ask unanimous consent to speak as in morning business for not to exceed 15 minutes.

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

THE DISTRICT OF COLUMBIA WELFARE WAIVER

Mr. NICKLES. Mr. President, most of my colleagues are well aware that I have introduced legislation to rescind the portion of the DC welfare waiver that was recently enacted by President Clinton, because it went directly in opposition to the welfare bill that was passed overwhelmingly by this body and the House of Representatives and was signed by the President and is now the law of the land.

What a lot of people didn't know—I didn't know it—is that when the President signed the welfare reform bill that had 5-year time limits for everybody in America, where no longer could you get cash assistance for the rest of your life—and President Clinton campaigned on 5-year limits, on limitations of cash benefits, and also on work requirements—what I didn't know is that the District of Columbia was granted a waiver, which the President signed a couple of days before, that allowed the District of Columbia to have a 10-year waiver from time limits. So there is a 5-year limit in Michigan, a 5-year limit everywhere else in the country, but not for the District of Columbia, and there are no work requirements for the District of Columbia.

Frankly, I find that to be very deceitful and misleading by the administration—to go out and tell everybody,