

be enlarged by any useless absurdities as aircraft carriers . . ."

Historians record that quite a few people applauded that particular speech. In fact, it was published in the most prestigious journal of the day. And why shouldn't those words have been applauded and accepted? Most nations of the world were at peace. An "evil empire" had been previously defeated. There was no apparent threat. Government was moving to reduce its budget. There were more important social and economic challenges. Freedom was a given.

Ten years later, a crisis threatened that nation and the entire world. . . . A crisis of such magnitude that many apparently wise men chose to sacrifice their very principles to avoid war, a war they were unprepared to fight.

Well, war came anyway—perhaps even sooner because of their lack of readiness . . . their lack of such "absurdities" as enough capable submarines or aircraft carriers. The war broke with a fury that destroyed their budget plans, their economic strength, their position of world leadership, and the very lives of a great many of the citizens of that democratic nation—whose freedom was ultimately saved through the intervention of its Allies.

When that war ended, fifty years ago this year . . . the men and women of that nation—and many nations—would somberly ask themselves: "why were we so unprepared?"

I am talking, of course, about World War Two . . . the war our parents or grandparents had to fight. The public official who made those unfortunate remarks belonged to one of our Allies. But there were many in the United States who had echoed the same sentiments for the same reasons. The irony is that the submarine and the aircraft carrier—absurd and expensive in the perspective of their critics—were the two weapons that proved most effective in winning the naval war.

Today, we face a situation not too much unlike the past. A few years ago we won a war—a Cold War to be sure—but one that nevertheless required a great deal of military expenditure. We are now in the process of reducing our budget deficit and tackling many challenges—economic and social—that are very worthy of our attention. There is no longer a threat of global war. Many nations—though not all—are at peace. Freedom seems secure. And like their predecessors, some people think they can predict the future.

I don't claim to predict the future. And I am not, by training, a professional historian. But I do know what history teaches. I do know that freedom is not free—it is purchased by heroism and sacrifice in war, and by good judgment and preparedness in peace. In a high-tech world . . . the world of today . . . it is purchased by remaining first-rate in technology and innovation.

Having served as a naval officer and a submariner, I know what it is like to go down to the sea—to face potential enemies—in the most capable ship, and what it is like to go down in a ship that would be considered second rate.

As Secretary of the Navy, I am committed to ensuring that the tools we give our Sailors and Marines—that their lives depend on—remain first rate.

As a businessman, I know false economy when I see it.

And as a citizen, with two fine sons—and maybe to be blessed someday with grandchildren—I am not willing to gamble their future, their freedom on the chance that there will be no war, or that, if it comes, we will be suddenly able to build tomorrow what some proposed to throw away today.

How do you preserve freedom? Do you preserve it by letting an entire industry go out of business in the name of false economy? Do you preserve it by allowing partisan politics to blind your judgement? Do you do it by giving a pink slip to men and women who have labored for many years to produce the finest tools for our defense? Do you do it by creating monopolies in the name of competition? Do you do it by declaring new technology unnecessary . . . and the status quo "good enough."

You know that's not how you preserve freedom. We all know that. So why are some ready to sacrifice an entire defense industry and are willing to throw away hundreds of millions of dollars to stop building capable submarines? How much would we pay to start building them again when the next crisis comes?

This *Seawolf* is the finest submarine in the world. It will regain the American lead in quietness and stealth. The second *Seawolf* will be better still. And the third *Seawolf* which we need will be the bridge that preserves this industry to build a more affordable, littoral warfare-oriented New Attack Submarine.

You can't get across a chasm without a bridge. There is a chasm in our defense industrial strength. If Congress does not authorize and fund the third *Seawolf*, the depth of this chasm will not simply be measured in lost jobs . . . or dollars wasted in higher overhead and contracting fees . . . but in the potential breakup of a defense industry that has always served our best interest in preserving the peace. I shudder at the thought that someday historians will say: the United States was once the best builder of submarines.

I do not predict that a global crisis is coming. I do not claim that we are in danger today. I hate war. Every night before I sleep, I pray that war never again occurs. I pray that throughout their lifetimes, my sons will be blessed with the gift of peace. But I know that—to paraphrase President John F. Kennedy—God's work on earth must truly be our own. We are the ones who are responsible for peace. We are the ones who are responsible for freedom. The steps that we take today will be the ones that may determine the freedom of our children.

The builders of this submarine . . . this mighty *Seawolf* . . . are a national treasure in knowledge and skills. The nuclear submarine-building industry represents an investment we have spent over forty years to develop. We are gambling with a national treasure if we do not take steps to preserve it. That's why I want to take this opportunity to ask each one of you in the audience—and all Americans—to urge Congress to fund the third and final *Seawolf* as a bridge to the submarine capabilities we will need in the future.

Just before I left Washington to come to this ceremony, I received a letter that I would like to read to you. The letter is dated 22 June.

"Greetings to all those gathered for the christening of *Seawolf*.

Seawolf will strengthen and sustain the invaluable contributions the Navy makes to America's leadership in global affairs. Ready for any contingency, her combat power, mobility, and flexibility will help to promote the cause of liberty and protect our national security. This fine submarine will stand as a reminder of our steadfast commitment to maintaining a democratic world for the generations to come.

As we celebrate the christening of *Seawolf*, I want to reemphasize my continuing support for the completion of the third and final *Seawolf*-class submarine SSN-23. The Armed Forces of the United States and our civilian

defense industries share an effective partnership; proceeding with the construction of SSN-23 is the most cost-effective method of retaining the vitality of these industries while bridging the gap to the future New Attack Submarine.

On behalf of all Americans, I want to thank those who design and build the *Seawolf* submarines, as well as those who will serve in them. Best wishes for a wonderful ceremony."

The letter is signed by President Bill Clinton.

This is a wonderful occasion—this christening of a *Seawolf*-class submarine. This is a great day for Margaret and me, for the United States Navy, for all America. But—as President Clinton says—we need to do it twice more—not once more—if we are to guarantee that—as concerns the deterrence of global war . . . as concerns war undersea or elsewhere—there will always be great days of peace, and freedom from fear, for our children.

No one can predict the future. But we can prepare. To stay prepared, America requires a healthy nuclear submarine-building industry. Our Commander-in-Chief knows that. And Secretary of Defense Bill Perry, the Chairman of the Joint Chiefs, the CNO, these distinguished members of Congress and I are convinced of that. We are convinced that we need to build a third *Seawolf* to preserve this industry's health. And to preserve this vital resource . . . to let everyone know the real risks we take by gambling it away for false economy. To reply to those who say a third *Seawolf* is not necessary, to those who oppose our submarine program—my response is the words of our founding father, John Paul Jones, "We have not yet begun to fight."

Thank you very much. God bless you.●

FOOD STAMP FRAUD REDUCTION

● Mr. LEAHY. Mr. President, I am convinced that the single most important thing we can do to reduce fraud in the Food Stamp Program is to eliminate the use of paper coupons—and shift to electronic benefits transfer systems, also known as "EBT."

I made that same point to this body on November 8, 1993. That was when I first introduced legislation to eliminate food stamp coupons in favor of EBT.

I will introduce an updated version of that bill—which I hope can pass with the support of every Member of the Senate.

I know that Senator SANTORUM recently spoke of the benefits of EBT, as demonstrated in a pilot project in Berks County, PA.

The Majority Leader, Senator DOLE, and I supported pilot testing EBT systems for food stamps in 1982.

My bill eliminates the coupon system in 3 to 5 years. The present system is a clumsy dinosaur in need of overhauling by modern technology.

By the year 2000, those paper coupons—which now cost the Government \$50 million to \$60 million a year to print and process—will be history.

We will reduce fraud and save the Government money.

My bill empowers retail stores, financial institutions, and the States to figure out the best way to move to an EBT system.

My bill specifically gives businesses and States the lead roles in this conversion.

Because the Federal Government saves so much money through EBT, I want USDA to pay 100 percent of the costs of the point-of-sale equipment that goes into the stores, unless the store wants to obtain its own equipment. The bill encourages stores, but does not require them, to buy their own point-of-sale equipment.

Under current law and most welfare reform proposals, States have to pick up half those costs.

I also believe USDA should provide the cards to States at no cost to the State. Under current law, USDA picks up the tab for coupon costs and should do the same for cards.

The point-of-sale terminals should also be available for use by the State for State assistance programs.

Many grocery stores already use electronic systems to read credit cards and debit cards. I do not want us to reinvent the wheel—my bill piggy-backs the Food Stamp Program onto existing technology.

I intend to incorporate this bill either into the food stamp title of the farm bill or into the budget reconciliation bill.

Food stamps are America's largest child nutrition program. Over 80 percent of food stamp benefits go to families with children. Most of the rest of the benefits go to the disabled or the elderly.

I want you to join with me in assuring that nutrition benefits go to needy families—not to criminals who are stealing taxpayer money.

Just about everybody agrees that EBT will reduce fraud dramatically.

The inspector general of USDA has testified that EBT "can be a powerful weapon to improve detection of trafficking and provide evidence leading to the prosecution of traffickers."

The U.S. Secret Service says that "[t]he EBT system is a great advancement generally because it puts an audit trail relative to the user and the retail merchant."

Under President Bush, USDA noted that "the potential savings are enormous" if EBT is used in the Food Stamp Program.

A more recent Office of Technology Assessment report determined that a national EBT system might reduce levels of food stamp fraud losses and benefit diversion by as much as 80 percent. Think about that—EBT could reduce food stamp fraud losses and benefit diversions by as much as 80 percent.

Alan Greenspan has described the potential advantages offered by EBT for the Food Stamp Program, including reducing costs in food stamp processing by the Federal Reserve System.

Perhaps nothing is totally fraud-proof, but EBT is clearly much better than the current system of paper coupons. When a small store stocked with cigarettes and a few stale candy bars starts ringing up food stamp sales in

the thousands of dollars, it is pretty obvious that the Government is being taken for a ride.

With the electronic card, EBT transactions can be constantly monitored by law enforcement agencies. Paper coupon transactions cannot.

If we had to reinvent the Food Stamp Program today, would anyone insist on paper coupons, instead of EBT?

Under the current program, USDA prints more than 375 million food stamp booklets per year, which amounts to 2.5 billion paper food coupons for food stamp households to use at retail stores.

These coupons are used once, except for \$1 coupons which may be used to make change—and the change is often spent on non-food items.

The 2.5 billion coupons issued per year are mailed, shipped, issued to participants, counted, canceled, redeemed through the banking system by Treasury, shipped again, stored, and then destroyed.

Some States mail them out each month and pay the postage, for which they receive a partial Federal reimbursement. Coupons are lost or stolen in the mails.

Some States issue coupons at State offices, which is labor-intensive. The total Federal and State cost is up to \$60 million per year.

EBT has another benefit—it eliminates cash change. Food stamp recipients can get cash change in food stamp transactions if the cash does not exceed \$1 per purchase. This system allows food stamp benefits to be diverted to the purchase of non-food items.

While we may disagree over food stamp benefit levels and eligibility rules, I hope we can all agree that transferring food stamp benefits electronically is much better than using paper coupons.

The bill amends the Food Stamp Act to require that the Secretary of Agriculture no longer provide food stamp coupons to States within 3 years of enactment.

Any Governor may grant his or her State an additional 2-year extension and the Secretary can add another 6-month extension, for a maximum of 5½ years.

At the end of that time, States no longer would receive coupons. Food benefits instead would be provided through electronic transfer, or in the form of cash if authorized by the Food Stamp Act.

For example, under a bill reported out of the Senate Agriculture Committee by Senator LUGAR on June 14, 1995, States can cash out food stamp benefits as part of a wage supplementation program.

As in the food stamp bill reported out of the Agriculture Committee by Senator LUGAR, States will not be liable for losses associated with lost or stolen EBT cards.

The bill makes households liable for most EBT losses; however, they are not liable for losses after they report the loss or theft of the EBT card.

As under current law, States are liable for their own fraud and negligence losses.

My bill provides that regulation E will not apply to food stamp EBT transactions.

In general, regulation E provides that credit or debit card users are liable for only the first \$50 in unauthorized uses of lost or stolen credit cards as long as such a loss is reported in a timely manner.

The card issuer is liable for the rest of the loss.

Under current law the State is considered the card issuer for food stamp EBT purposes. Regulation E has been a major impediment to implementation of EBT by States.

While the risks are much lower for the Food Stamp Program than for credit cards since EBT food cards only contain the balance of the unused food benefits rather than a credit line, States are still worried about liability and oppose the application of regulation E.

The bill also provides that each recipient will be given a personal code number [PIN] to help prevent unauthorized use of the card.

Under the bill, in an effort to reduce the costs of implementing a nationwide EBT system, States will look at the best way to maximize the use of existing point-of-sale terminals. States will be able to follow existing technology, rather than reinvent the wheel.

Stores which choose not to invest in their own systems will be reimbursed for card readers for Federal and State benefits only. Current law, which requires States to pay half that cost, will be amended to have USDA pay all those costs.

If the store decides at a later date that it needs a commercial reader, the store will have to bear all the costs.

In very rural areas, or in other situations such as house-to-house trade routes or farmers' markets, manual EBT systems will be used.

This restriction—in which the Government pays only for Government benefits readers and the upgrade at store expense—will encourage the largest possible number of stores to invest in their own point-of-sale equipment.

That is clearly the best option.

To the extent needed to cover costs of conversion to EBT, the Secretary may charge a transaction fee of up to 2 cents per EBT transaction, taken out of benefits. Households receiving the maximum benefit level may be charged a lower per transaction fee than other households.

In implementing the bill, the Department of Agriculture will have to consult with retail stores, the financial industry, the Federal EBT task force, the inspector general of USDA, the U.S. Secret Service, the National Governors' Association, the Food Marketing Institute, and others.

I believe this legislation will be an important tool as we try to improve the Food Stamp Program.●