

While none of these proposals ultimately was successful, each created a cost for the economies which depend on PMA electric power. Electricity is the cornerstone of much of the Nation's economy, particularly in the Pacific Northwest. The high reliability and low cost of electric power provides the United States, and especially the Pacific Northwest, with a global competitive advantage which benefits the entire Nation.

As each of these proposals were made, uncertainty over the future cost of electricity was created. In the Pacific Northwest, where over half the electric power consumed is marketed by the Bonneville Power Administration, these proposals cast a cloud of uncertainty over future electric power prices. Rate increases of the magnitude contemplated by the proposals would devastate the economy of the region by discouraging investment in infrastructure, including modernization of new plants and equipment, and close factories and businesses which operate on the margin, many of which were attracted to the availability of low cost hydroelectric power in the region. The benefit of these proposals has overstated by every administration because the potential for lost tax revenue as a result of business failure or lack of investment was never taken into account.

In conclusion, Mr. President, proposals to sell off these revenue generating entities that are such fundamental importance to the local and regional economies they serve are misguided and will be opposed by this Senator. I am pleased to join with my colleagues to reinforce the importance of this issue.

I yield the floor.

Mr. CONRAD. Mr. President, I would like to speak for just a moment on this PMA matter and then direct my attention to another issue. Who controls time?

The PRESIDING OFFICER. The Chair would inquire of the Senator from North Dakota if he is speaking on the time of his colleague from North Dakota?

Mr. DORGAN. Mr. President, I ask unanimous consent the Senator from North Dakota be allowed to speak for 9 minutes in the time reserved for morning business.

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

The Senator from North Dakota is recognized for up to 9 minutes.

THE POWER MARKETING ADMINISTRATIONS

Mr. CONRAD. Mr. President, I thank the Chair and thank my colleague. I would like to speak just briefly on the PMA matter and then speak on another issue as well.

With respect to the PMA matter, I salute my colleagues who have come to the floor to oppose the sale of PMA's. Let me say I believe sale of the Power

Marketing Administrations represents a very bad idea. It is bad for rural America. It represents bad faith. It is bad economics and it is bad policy.

This would have a very serious impact on rural America. In my State we would see an increase in rates of up to 60 percent; 240,000 customers in North Dakota would be adversely affected. Those rural customers are already paying rates that are 15 to 40 percent higher than city customers. The reason for that, of course, is very obvious. There is much less of a load per mile in rural areas than in city areas, so the costs are higher.

Mr. President, this would be a very serious matter for rural America. It also represents bad faith. The Government made a deal. The deal was this power was going to go to help rural America. That is precisely why the Federal Government entered into this enterprise. Preference power, it should be emphasized, is not a subsidy. These facilities are being repaid with interest. I believe the sale also represents bad economics. Selling the PMA's would be a one-time shot. It does not reduce the deficit because their own budget rules say you cannot sell assets to reduce the deficit. So, Mr. President, selling these facilities forgo decades of steady income.

Finally, I believe the PMA sale represents bad policy. These dams serve multiple purposes. No private entity can balance the interests of power production with flood control, navigation, water supply, and wildlife values.

Mr. President, for those reasons I oppose the sale of the PMA's.

WHERE IS THE BUDGET?

Mr. CONRAD. Mr. President, today is May 3. I think it is time to start asking the question of our colleagues on the other side, where is the budget? Where is the budget? We are supposed to have completed action on the budget in the Budget Committee by April 1. Today is May 3. We still do not see a budget. I am on the Budget Committee. I still do not know when we are even going to start to work on the budget.

Mr. President, I must say I am somewhat surprised because our friends on the other side of the aisle had a budget before the election. They told the American people that they had a budget plan. They said they could cut taxes, they said they could increase defense spending, and they said they could balance the budget. But now that they have assumed power and assumed control and assumed authority, there is no budget.

Mr. President, it is amazing the difference an election makes. Before the election there was this plan. They had the Contract With America. They told everybody they had this miracle. It was not going to reveal the details but a miracle plan that was going to allow them to cut taxes dramatically, increase defense spending, and balance the budget. Now that they are in power

their plan is missing in action. Maybe it is because the plan just does not add up. This chart shows what we would need to do to balance the budget over the next 7 years. We would have to have a reduction in spending of \$1.2 trillion to begin with. Then if we were going to be true to the promise we have made to Social Security recipients, they would have to cover the \$636 billion in Social Security surpluses that are going to be generated during that 7-year period.

So now the hole to fill in is \$1.8 trillion—not million, not billion, but trillion dollars. That is real money even in Washington talk. On top of that, of course, we are going to have to cover the massive tax cuts that the House has passed, \$345 billion of tax cuts over the 7-year period. So that is the hole that we have to fill in, \$2.2 trillion.

Unfortunately, before they ever started to fill in this hole, they dug the hole deeper by passing these massive tax cuts.

Let us see what they have produced so far by way of proposals to narrow the gap between the \$2.2 trillion we need, and what they have actual done so far over in the House in terms of proposal. They are down here at a measly, anemic, \$485 billion.

Mr. President, I would say our friends on the other side of the aisle have a credibility gap that is opening up here. In fact, it is more than a gap. It is a chasm. They are \$1.6 trillion short. No wonder we do not see a budget out here. No wonder they have blown the deadline. No wonder they have not even started in the Budget Committee and they were supposed to be completed a month ago.

It is amazing. During the balanced budget amendment debate there was a rush to amend the Constitution to balance the budget. Boy, that was priority No. 1. But now when it comes time to actually do something to balance the budget, because of course, a balanced budget amendment will not cut one dime, will not add one dime of revenue, will not narrow the deficit by a dollar—now, when it comes time to actually present a budget, to actually do something about the deficit, the budget plan is nowhere to be found. This just does not add up. It does not add up, and not surprisingly our colleagues on the other side are more focused on a tax cut for the wealthiest among us than presenting a plan to reduce the deficit.

It is very interesting. If you look at who benefits from the Republican tax bill, what one finds is if you are a family of four earning over \$200,000 a year, you get an \$11,000 tax cut. If you are a family of four earning \$30,000 a year, you get \$124.

So the idea of our friends on the other side is to target tax relief in this country by giving 100 times as much to those earning over \$200,000 a year than those earning \$30,000 a year, and they call this middle-class tax relief. It is an interesting concept of the middle class.

It is an interesting concept of focusing tax relief.

Mr. President, we have seen this plan before. We have seen it all before—back in the 1980's. If we look back at that time, we see what happens to the middle class. Do they benefit from this kind of plan to give big tax cuts to the wealthiest among us and explode the deficit? No. We can look back and see what happened in the 1980's. The top 1 percent saw 62 percent of the wealth growth go to them. The top 1 percent got 62 percent of the wealth growth in that period. The 80 percent at the bottom saw their wealth growth of 1.2 percent. That is trickle-down economics. What we have learned is that wealth does not trickle down. It gets sucked up. The wealthiest 1 percent get all the benefits.

Mr. President, let me just conclude by saying our friends on the other side have got to come up with a budget. Then we are going to see the gap between rhetoric and reality.

I thank the Chair. I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

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

The PRESIDING OFFICER. The Senator from Montana has 5 minutes in morning business.

Mr. BAUCUS. I thank the Chair.

THE POWER MARKETING ADMINISTRATIONS

Mr. BAUCUS. Mr. President, Webster's define a tax as a requirement to pay a percentage of income from property or value for support of the Government. So we can see that a tax can come in many forms—a direct levy, or a hidden fee that sneaks up on the taxpayers under a cover name. That is precisely what the Clinton administration and some here in Congress have in mind for many Montana and western ratepayers.

As you may be aware, the administration in their fiscal year 1996 budget proposes to sell off four Power Marketing Administrations: Alaska Power, Southeastern Power, Southwestern Power, and the Western Area Power Administration, otherwise known as WAPA which brings low-cost electricity to thousands of eastern Montana families, ranchers, farms, and small businesses. They have found enthusiastic allies in the new House leadership. And together they say they will privatize these electricity providers. They predict a windfall, a one-time profit of \$3.7 billion. If anyone promises you a free \$3.7 billion, we all know you had better think carefully. You had better look at it real close. There is no exception.

I submit that privatizing the Power Marketing Administrations is a bad idea. It is shortsighted, and it hurts. It does not help. It hurts rural America. Privatization cannot work when its re-

sult is to simply create four huge monopolies which will gouge their capital market like any other monopoly.

So at its core, the proposal to sell off PMA's is no more than back-door tax repeal. To sell off the PMA's is no more than a back-door tax increase on the middle class. A tax hidden in the utility bill is every bit as much a tax as a gas tax, an income tax, or anything else. This is a tax, a tax increase on rural America.

The chart, Mr. President, tells it a little bit; \$129 is the monthly bill of a typical residential customer in this area in Montana. This is from Marais. Marais residents will find their bill will increase 45 percent, which is \$190 a month, as opposed to \$129.72 every month.

What does that mean? That means that Montana, like much of the West, which is built on hydroelectric power, will find their economies declining. By harnessing the Missouri River, Fort Peck Reservoir has provided water to small industries which use the affordable power to create jobs and build communities, and folks in rural areas get affordable power to heat and light their homes, an essential service. It is something that works and has worked ever since Franklin Roosevelt came out to break ground at the Fort Peck Dam and bring public power to rural Montana.

Public power meant electricity an ordinary farm family could afford. It helped create Montana communities like Glasgow, Sidney, Shelby, and it keeps towns like these strong and healthy. As my friend Ethel Parker at Fort Shaw says,

I have lived on a farm all my life; started out south of Geyser in central Montana in a semiarid prairie farm. The REA came to us in the early 1940's. Low-cost electricity has made life livable for those of us who raise the food and fiber for all Americans. Now Congress would knock our pins out from under us.

There are 100,000 Montana families, one in three of all the men, women, and children in Montana, that depend on WAPA and share Mrs. Parker's feelings, and they stand to see their power bills increased by 25 cents on the average on the dollar if this proposal goes forward. You are talking about real tangible cuts in the living standards for towns like Fort Shaw and all over the country, and that is why I am a staunch supporter of WAPA and equally against the sale of the PMA's.

The second point is that WAPA and the other power marketing programs take not one tax dollar. In fact, the Federal Government actually makes money off of these programs. WAPA is an example. The Federal Government has invested a total of \$5.6 billion in WAPA, and each year the WAPA pays the Federal Government approximately \$380 million for this loan, with interest, that is starting to be paid back. And so far the Federal Treasury has gotten back \$4.1 billion on its initial loan. By the time this debt is retired in 24 years, the Federal Treasury

will have made \$14 billion on its initial investment of \$5.6 billion. Even now, the PMA's run a profit for the Government. A recently released CRS report on the PMA's found that the Federal Treasury actually earns a profit of \$244 million a year.

To repeat, Mr. President, a recently released CRS report on the PMA's found that the Federal Treasury actually earns a profit of \$244 million a year on the PMA's. It is a profit. It does not add to the deficit, Mr. President. It decreases the deficit. So you have to look hard and you have to look long to find a Federal program that provides a good service to the public and makes a profit. WAPA provides a service and it makes a profit.

I find it incredibly shortsighted that the administration would want to sell America's infrastructure for a quick, one-time shot at cash—joined, I might add, by the House leadership. They also want to sell WAPA. So what's next—our highways, our bridges, our national parks? The principle is the same. America's infrastructure up for sale. That is what they want.

It does not make any sense to me, and I do not intend to stand by and let it proceed without a fight. And I serve notice, Mr. President, I intend to do everything I can to see that this proposal is defeated. We will shut the door on this misguided backdoor tax.

Mr. President, I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

SALE OF PMA'S

Mr. WELLSTONE. Mr. President, I shall be brief. I was one of the first Senators—and I am glad to be out here with colleagues on both sides of the aisle—to oppose the idea of selling the PMA's. I have spoken with the President. I have spoken with Alice Rivlin at OMB. I have spoken to relevant Budget Committee members and written letters to other Senators.

I basically see it this way. If you sell the PMA's, if the Government should sell the PMA's above current value, the only people who would want to buy them, some of the private investor-owned utility companies would want to buy them in order to raise rates. That is the only way they can make up the difference, in which case the ratepayers suffer. If you sell the PMA's at below current value, then this is a loss for the taxpayers. If you sell the PMA's at exactly the current value, insulating both the taxpayer and the ratepayer, then the only thing you are doing is privatizing for the sake of privatizing. So this proposal makes absolutely no sense.

Mr. President, I believe in the mission of the PMA's and the longstanding contract of the Western Power Administration with Minnesotans, and I think to sell these PMA's would be a serious mistake for greater Minnesota.