significant individuals throughout the span of our history: Gen. George Washington, Gen. Andrew Jackson, Gen. Ulysses S. Grant, Gen. John J. Pershing, and Gen. Dwight Eisenhower, to name only a few.

To ignore these military events and these personalities makes meaningless their struggles and the struggles of the people of this Nation who enlisted their assistance to the military. That is true whether it was service in the Armed Forces or in the support of them.

Now, if things go as planned, I fear that many of these items will be hidden from the American public despite the results of a recent visitors survey. In this survey taken at the National Museum of History, it became evident that the Armed Forces' history hall was the second most popular exhibit area in the museum. Therefore, speaking on behalf of most Americans, I urge the museum to reconsider its plan for the military history hall.

We should look at this museum, responding to the needs of the American people. If this survey shows that this is the second most popular exhibit in the museum, we should not have some revisionist at the Smithsonian Institution taking away what the American people like and enjoy and depriving American people of understanding and visualizing the sacrifice of American service men and women who do sacrifice with lives, with injuries, with time away from family for the defense of freedom, so that not only can the American people enjoy freedom, but the revisionist historians still have the intellectual environment in which they can do their work. But they ought to show more appreciation of that sacrifice, and I think the plans for this military history museum detract from that.

I yield the floor.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that I be allowed to proceed as in morning business for 5 minutes.

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

GUATEMALA ACCORD

Mr. BINGAMAN. Mr. President, I want to call attention to a very encouraging development that was announced in Mexico City, yesterday.

For 35 years, the conflict in Guatemala between the insurgents there and the government has produced more than 100,000 deaths, many millions have been maimed and seriously injured, and there has been scant hope that the guerrilla warfare in that country might end.

Yesterday, in the offices of the Mexican Foreign Ministry, Gustavo Porras Catejon, who is the head of the Guatemalan Government delegation, broke into a bear hug with the senior commander of the Guatemalan rebels, Rolando Moran. Although no cease-fire was signed yesterday, the warring parties—which have produced the longest conflict in this hemisphere—reached a historic agreement that finally holds out hope for a more hopeful future and a return of civil society to Guatemala.

According to the New York Times this morning, Guatemalan military leaders agreed to reduce their 46,000 troops by one-third next year. They agreed to cut the military's budget by one-third by the year 1999. Military leaders also consented to an alteration of their mission from one that did include domestic security control enforcement—that is, security threats within Guatemala—to a mission limited to dealing with external threats, from outside Guatemala.

In 35 years of fighting, this is the most significant action we have seen that could lead to long-term peace. There are still many risks ahead, particularly how to reincorporate insurgents into the Guatemalan society. The progress made yesterday, however, lays important groundwork so that progress can be made in future weeks.

I commend the U.N. negotiators who helped to mediate between the Guatemalan Government and the rebel leaders. Yesterday's accord is the fifth that has emerged from these United Nations-mediated talks. The other agreements dealt with human rights, Indian rights, poverty and land tenure, and also to set up a commission to review some of the crimes committed during the war.

The military's agreement to downsize its forces and its budget and its mission was coupled with a commitment by the government to create a new police force with new recruits and retrain former officers to take over the army's domestic security functions.

Mr. President, there certainly will be skeptics who will not believe the military will carry through with these commitments. I, too, have concerns about how this transition may occur, but this is, nevertheless, an important turning point in Guatemalan history, given the long history and troubling encounters that our own Government has had with the Guatemalan Government.

American interests need to be encouraged with this move away from the extreme undue influence the military has previously exerted in affairs of state in that country.

I do welcome this news. I want my colleagues to know about it. I wish both sides of this negotiation well in carrying out the agreement that they announced in Mexico City yesterday.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the majority leader.

MARITIME SECURITY ACT

The Senate continued with the consideration of the bill.

Mr. LOTT. Mr. President, after a lot of good work by many Senators, I believe we have a unanimous consent agreement to allow us to go forward on the maritime bill and to schedule votes.

Mr. President, I ask unanimous consent that the only amendments in order to H.R. 1350, the maritime security bill, be the six Grassley amendments that are now filed at the desk; further, that the amendment relative to rates be subject to a relevant second-degree amendment to be offered by Senator HARKIN; further, those amendments must be called up and debated during today's session; further, following the disposition of all amendments, the bill be deemed read a third time.

I further ask unanimous consent that any votes ordered with respect to these amendments be postponed to occur in stacked sequence beginning at 5 p.m. on Tuesday, September 24, with 2 minutes for debate equally divided before each vote, and at 4:30 p.m., there be 30 minutes equally divided on the rates issue.

Mr. STEVENS. Mr. President, reserving the right to object, it is my understanding that there will be 15 minutes for Senator HARKIN before the motion to table his second-degree amendment and 15 minutes for Senator GRASSLEY before we move to table his first-degree amendment.

Mr. LOTT. That is correct.

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

Mr. LOTT. Mr. President, now that we have that agreement entered into, I will note also there is a clearly understood gentlemen's agreement about how the votes will occur in terms of what will be tabled and what will not be tabled. We have had very clear understanding and discussion on that. We will work very carefully with Senators to make sure that understanding is adhered to.

With this unanimous-consent agreement, also I announce there will be no further recorded votes today. The next votes will occur on this issue at 5 o'clock on Tuesday. It is possible that other votes will occur during the day, Tuesday. We will come in session on Tuesday at 9:30 a.m. We hope to be prepared to enter an agreement as to how we will proceed on Tuesday, with the likelihood, the possibility of votes during the day, but these stacked votes will not occur until 5 o'clock.

I yield the floor, Mr. President.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Iowa.

Mr. GRASSLEY. Mr. President, I am going to offer my first amendment. I am going to explain the amendment before I send it to the desk, Mr. President.

Some people think that once we pay for the U.S.-flag companies, the $2 million of corporate welfare that we pay per year, per vessel, with this bill that we will not have to pay them again to carry actual war sustainment cargoes. I think the managers of the bill have, in speaking in opposition to some of

my amendments, have suggested that we got this $2.1 billion corporate welfare subsidy per ship, per vessel; that that is all we ever have to pay.

But what we are paying for, if I can tell my colleagues, is the right and the obligation of those companies to have those ships available, or similar ships available, to do what the Department of Defense requires to meet our national security obligations.

But once those ships are brought in to meet our national security obligations—that is presumably when we have to deliver things during war—then we have additional costs, because we will have to pay again to carry the actual war sustainment cargoes. So the fact that we just paid $2.1 million of corporate welfare subsidy per year, per vessel, that that is the end of it, is simply not the case.

There are more charges. H.R. 1350 allows these carriers, even though they have already received this heavy corporate welfare subsidy, they will be able to charge to carry war sustainment materials at what is called ''fair and reasonable'' rates.

My amendment deals with the subject of fair and reasonable rates. Unfortunately, these rates are anything but fair and reasonable to the taxpayers. That is what this Government is all about, getting the taxpayers the most for their money, at least that is what it is supposed to do.

OK. Why is this way not fair and reasonable to the taxpayers? It is because Congress failed in its responsibilities to the taxpayers to define ''fair and reasonable'' and has left to the Maritime Administration the right to come up with its own definition of ''fair and reasonable.'' The problem with this is that the Maritime Administration views its primary responsibility, not to the American taxpayer, but instead to the welfare of U.S. maritime companies and seafarers.

Therefore, under the guise of ''fair and reasonable,'' taxpayers are forced to pay an extra $450 million a year above world market rates to ship defense cargoes. When you include other agencies that can be involved in paying part of this bill, the taxpayers' bill runs up to $600 million a year.

Price gouging is even worse when we need these U.S. flags for war. During the Persian Gulf effort, they charged taxpayers an extra $625 million. Again, I want to quote other authorities. You might recall on September 10, 1990, in U.S. News & World Report, an article entitled ''Unpatriotic Profits.''

> The Pentagon is miffed at what it feels is profiteering by the operators of two U.S. cargo ships. Because the Navy is required to use American bottoms before contracting with foreign-owned ships, it paid the two U.S. carriers $70,000 to send war materiel to the gulf. The comparable foreign bid was $6,000.

We paid $70,000, when a comparable bid could cost only $6,000. In other words, if our people had been on their toes, or if the Maritime Administration had been looking out for the taxpayers, we could have shipped that materiel for $64,000 less.

Before somebody tells me that the GAO concluded that neither U.S. flags nor foreign flags gouged taxpayers during the Persian Gulf war, I want to remind anybody who might refer to that of two things: First, the GAO auditing uses the liberal measure, such as ''fair and reasonable,'' not anything close to what the rate would be in a competitive market.

Second, the fact is, a U.S.-flag company did overcharge the Defense Department by $18 million for Persian Gulf war transport services. This matter is still pending before the Armed Services Board of Contract Appeal. So the Defense Department is concerned about being overcharged $18 million.

The Defense Department has made no claims of overcharging by foreign-flag vessels. In fact, foreign flags typically cost one-half to one-third the cost of comparable U.S.-flag vessels during the gulf war. One-half to one-third less.

My amendment embraces taxpayers' protection similar to Buy-America laws. For instance, under buy America, agencies are required to buy products from U.S. companies, but if the same product can be purchased from a foreign company at 6 percent less than what the U.S. company charges, the Government can buy from foreign sources.

So you see, I am using definitions in law today. I am applying that definition in other sections of the code applying to other purchases of service to the maritime industry as it is used in our war efforts.

My amendment uses the very same Buy-America market test of 6 percent. So if my amendment were in place, then U.S.-flag companies, if they would charge more than 6 percent above what can be secured from a foreign-flag vessel, the Government has a right to hire the foreign-flag vessel. This amendment will also prohibit a new scheme that allows U.S.-flag carriers to charge the Defense Department what they would charge infrequent or spot customers.

Mr. President, let me confer here just a minute.

Mr. President, I am sorry. I was explaining my Buy-America amendment and saying we use the same 6 percent test. That would apply then to our maritime industry, like that 6 percent test applies to others. So we would prohibit, then, paying more than 6 percent above what competition would charge.

My amendment also has a second portion by prohibiting a new scheme that allows U.S.-flag carriers to charge the Defense Department what they would charge infrequent or spot customers. My amendment makes certain that this bill will require that U.S.-flag vessels give taxpayers the same rate that they gave their volume customers like the JC Penneys of the world.

This idea also comes from a lot of activity of other Members in this body to apply the same principle. For instance, in pharmaceuticals, you may remember a lot of debate we had in this body on the purchase of Medicare pharmaceuticals, that Medicare would not be charged any more than the largest volume price that the company would give to one of its other customers. We apply that principle here to this bill.

This amendment is not only essential for protecting the taxpayers, as these other amendments have been—some of this is even law in other provisions of the code—but, also, I offer this amendment because I think it is necessary that we slowly and gradually nudge our U.S. merchant marine into the competitive world.

We have done it with our railroads. We have done it with our airlines. We have done it with our truckers, my gosh, almost 20 years ago. It is about time we start doing it with the maritime.

Our deficit-riddled Government can no longer afford to allow the maritime lobby to block efforts to negotiate worldwide maritime reforms. There is another bill in this Congress sitting around here right now that has something to do with that. It may not pass because of the opposition of some, not all, of the maritime industry to competing in the real world out there. Then they will argue, won't they, that they need subsidies because foreign competition is unfair. So I say they cannot have it both ways.

Some time ago in a Journal of Commerce article entitled ''On the Evils of Maritime Subsidies,'' former Maritime Administrator, Adm. Harold E. Shear, stated—and I quote:

> Nearly 50 years of subsidies have not prevented the demise of the U.S. merchant marine . . . Subsidies do nothing more than cause inefficiency, mediocrity, lack of incentive, and dependence upon Uncle Sam.

That is the statement of a former maritime administrator. He has been there. He has seen the entire industry. He has watched it over a period of time. That is what he had to say.

I feel that time is running out on the U.S.-flag merchant marine. They must become competitive and give up government welfare. This legislation deals with that.

Once again, I want to speak about several grassroots organizations located here in town that speak for the American people on wasteful Government spending, who support my efforts on this amendment and on this bill. The Americans for Tax Reform ''strongly opposes the continuation of maritime subsidies in any form and strongly urges you to remove any such subsidies from the bill.''

We also have a letter from the Council of Citizens Against Government Waste, cosigned as well by the National Taxpayers Union. We also have a letter from Citizens for a Sound Economy.

I ask unanimous consent to have those printed in the RECORD.

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

AMERICANS FOR TAX REFORM,
Washington, DC, September 18, 1996.

DEAR SENATOR: The ''Maritime Reform and Security Act of 1995'' is now pending in this Senate. Americans for Tax Reform strongly opposes the continuation of commercial maritime subsidies in any form and strongly urges you to remove any such subsidies from the bill.

Numerous independent studies have illustrated the needless and excessive cost of commercial maritime subsidies to the U.S. taxpayer. For example, a 1989 Department of Transportation report done by MIT entitled ''Competitive Manning of U.S.-flag Vessels'' exposed serious waste in this program and determined that maritime subsidies could be reduced by half if there was, in fact a military need for these ships. Even Al Gore has concluded that these subsidies should be abolished.

Like many proponents of increased government intervention, supporters of this legislation assert that it is necessary for national security reasons. However, this legislation is not likely to be at all effective in accomplishing that task. In fact, the Department of Defense's Mobility Requirements Study, Bottom Up Review Update concluded that even without subsidies, the U.S. fleet would be adequate in the event it was needed in time of conflict. If the United States military can meets its requirements without these subsidies, why are we asking the American taxpayer to foot the bill?

The subsidies contained in the Maritime Reform and Security Act of 1995 are particularly egregious examples of a bloated federal government spending taxpayers' money on a project that is wholly unnecessary. This Congress has shown its willingness to eliminate ridiculous pork-barrel spending. Why is the Senate even considering extending a program that costs American taxpayers more than $100,000 per job subsidized annually?

Let's get rid of this wasteful and inefficient program once and for all.

Sincerely,

GROVER G. NORQUIST.

COUNCIL FOR CITIZENS AGAINST GOVERNMENT WASTE, NATIONAL TAXPAYERS UNION,
September 17, 1996.

DEAR SENATOR: Most members of the 104th Congress have prided themselves on ending welfare as we know it. Unfortunately, the Senate may soon consider H.R. 1350, the ''Maritime Security Act,'' which is nothing more than corporate and labor union welfare. The Council for Citizens Against Government Waste will key vote these votes for our 1996 Congressional Ratings. And because they do not key vote per se, the National Taxpayers Union will weigh heavily these votes for their analysis of the 104th Congress.

Taxpayer watchdog and public interest groups asked to testify at public hearings to expose this welfare for shipping companies, but were denied that opportunity. Therefore, the undersigned organizations oppose this bill and will key vote (or weigh heavily) final passage unless several pro-taxpayer amendments to be offered by Sen. Grassley (R–Iowa) and others are adopted.

According to an internal 1993 White House memo to President Clinton from then-Assistant to the President for Economic Policy Robert Rubin, the primary reason for this $1 billion subsidy is to pay for the exorbitant salaries and benefits of union seafarers.

In addition, this internal White House memo cited the Defense Department's (DoD) argument that it needed as few as 20 U.S.-flag vessels. DoD also proposed a deficit-neutral plan to pay for new subsidies. The DoD plan was supported by the heads of 15 executive branch agencies. Only one-Transportation Secretary Pena—opposed this deficit-neutral plan because it ''provides less support than is sought by the industry and its supporters.''

This is one of my reasons why we join opposition to this bill, and will key vote final passage if the Senate fails to pass Sen. Grassley's pro-taxpayer amendments, especially those that provide protections to taxpayers from maritime rate price gouging and prohibit subsidies from being used for campaign and lobbying purposes.

Sincerely,

COUNCIL FOR CITIZENS AGAINST GOVERNMENT WASTE.
NATIONAL TAXPAYERS UNION.

CITIZENS FOR A SOUND ECONOMY,
Washington, DC, September 16, 1996.

DEAR SENATOR: On behalf of our 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 the amendments to this bill offered by Senator Charles Grassley (R–Iowa). The amendments would limit the cost to taxpayers from this proposal without weakening our national defense.

The Act has less to do with maritime policy reform and national security than with corporate welfare. Indeed, this initiative would hand out a staggering $1 billion in subsidies over the next decade to the private merchant marine fleet, without any compelling national security interest or other rationale. It would reward maritime special interests that have been highly vocal on this issue—contributing some $17 million to candidates for political office over the last decade. For taxpayers and consumers, it is quite another story. Assuming, conservatively, that the overall annual cost of present maritime policies is $5 billion, the average cost per seagoing job is no less than $375,000.

Yet, as Harold E. Shear, a retired navy admiral, concluded: ''Nearly 50 years of subsidies have not prevented the demise of the U.S. merchant marine. . . . Subsidies to nothing more than cause inefficiency, mediocrity, lack of incentive and dependence on Uncle Sam.'' We believe that Mr. Shear, who has overseen the administration of these subsidies as maritime administrator, knows what he is talking about.

Supporter of maritime subsidies—and H.R. 1350 in particular—maintain that only a U.S.-owned, U.S.-flagged, U.S.-manned commercial fleet can support the military in emergencies. This argument is a red herring. First, as Admiral Shear points out, the impact of subsidies on the U.S. commercial fleet has been questionable at best. Moreover, there is an enormous amount of capacity available on the open market that can deliver more services more reliably at lower cost. The Military Sealift Command made heavy use of foreign ships staffed by non-U.S. citizens in the Gulf War. Only 17 ships out of the 500 that went into the war zone during the Gulf War were from the active U.S. flag commercial fleet—only six of these had ever received the subsidies.

In 1993, 15 out of 16 government agencies supported an option presented to President Clinton to limit these subsidies. This is how now-Secretary of the Treasury Robert Rubin described this option in his June 30, 1993 ''Decision Memorandum on Maritime Issues.'':

''Subsidies for the U.S. flag feet have always been justified by their role in providing a sealift capacity for use in military emergencies. With the end of the Cold War DOD's sealift requirements have declined. Although DOD's bottom-up review is not complete, the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Commander of the Transportation Command have already concluded that future requirements will not exceed 20–30 liner vessels . . . This opinion would meet DOD'S maximum military requirements.'' [H.R. 1350 subsidizes 47 vessels.]

We strongly support Seanator Grassley's attempt to address many of the more egregious problems with this bill. Senator Grassley's seven amendments would:

Eliminate the provisions in H.R. 1350 that for the first time would exempt U.S.-flag vessels from requisitioning, to ensure that vessel operators who receive taxpayer funding cannot escape their obligations in time of war;

Require that all subsidized U.S. vessels are utilized before foreign-flag vessels may be hired;

Require subsidized seafarers to serve when needed or lose their license to work on U.S.-flag vessels for five years;

Prohibit recipients of the handouts provided in the bill from using the money to make contributions to political campaigns. This would make it harder for the maritime lobby to use taxpayer dollars to press Washington for more taxpayer dollars;

Preclude subsidies from being used in so-called ''public education'' efforts;

Require that war bonuses paid to seafarers be harmonized with the war bonuses the Pentagon pays regular military personnel. According to Persian Gulf War data, taxpayers can be forced to pay seafarers war bonuses that are 50 times greater than the war bonuses paid to active military personnel;

Limit maximum vessel rates to no more than 6 percent above world market rates. Currently, the Maritime Administration appears to interpret ''fair and reasonable'' rates to mean whatever rates cover the cost of operation plus a profit margin of about 13 percent and keep as many seafarers in business as possible.

The American taxpayer—who on average makes less than $29,000 per year—is unlikely in the long term to reward those politicians who grant a government subsidy of over $50,000 a year to a commercial sailor who works no more than six months per year.

We want to emphasize, that our endorsement of the Grassley amendments should not, in any way, be construed as an endorsement of the bill. We believe that, first, this bill should be defeated. Should that prove impossible, we believe the Grassley amendments must be passed in order to reduce special interest subsidies and soften the blow to taxpayers.

Sincerely,

PAUL BECKNER,
President.

Mr. GRASSLEY. These letters speak to the issue of these votes and they are scoring these votes in their index of whether or not you are a fiscally responsible Member of Congress.

Mr. STEVENS. Will the Senator yield?

Mr. GRASSLEY. I am happy to yield.

Mr. STEVENS. Has the Senator proposed the amendment?

Mr. GRASSLEY. As a matter of efficiency, I would like to speak to the three amendments that I was going to put forth—I will not put six amendments forth—and then we would avoid the necessity of setting amendments aside. As a matter of efficiency, I wanted to do that.

Mr. STEVENS. Mr. President, I wonder when we would be able to see the amendments that the Senator is offering?

Mr. GRASSLEY. We will give you copies of the amendments now, before I send them to the desk.

The PRESIDING OFFICER. The Chair recognizes the Senator from Iowa to proceed.

Mr. GRASSLEY. Mr. President, I am going to offer amendments as a combined amendment, amendments that would prohibit the use of money in these subsidies to the maritime companies from being used for lobbying or for campaign contributions. That will be one amendment.

I was going to offer it as two separate amendments, but they are so closely related, I think they should be joined together. On behalf of the amendment I am speaking about now, it would say that these funds cannot be used for lobbying or public education.

For years now, maritime subsidies, such as operating differential subsidies, have funneled money into pro-maritime lobbying organizations. The Maritime Administration has historically calculated a certain amount of the taxpayer subsidies to U.S.-flag carriers to cover funding for organizations such as the Transportation Institute and the Joint Maritime Congress.

I want to make clear to my colleagues that I do not have anything against the Transportation Institute or the Joint Maritime Congress, but it should not be a cost of operation that the taxpayer subsidy is going to be used for. This should be funded by private money. It should not be a cost of doing business figured into the subsidy.

My amendment makes certain that these funds cannot be misused for such lobbying or so-called public education purposes. There is not much that I need to add. The Senate has debated this issue and voted on it on other bills at other times, with the principle of my amendment applicable to the subject matter of that legislation, as my amendment is subject to the maritime legislation.

On November 9, 1995, the Senate voted on a measure to restrict the use of public funds being used for lobbying. So every Senator is on record on this issue. Simply put, taxpayers should not be forced to pay for lobbying by special interest groups.

Then the second part of this amendment would say that funds cannot be used for campaign contributions. Realizing how much maritime subsidies are really maritime union welfare, you can understand why I might argue if you are against taxpayer campaign finance, you should vote in favor of my amendment.

Former Congressman McCloskey, a Republican in the House of Representatives when he served in the Congress, was involved in this issue very deeply because he was high ranking on the subcommittee dealing with maritime. He said that seafarers' per capita campaign contribution ran 500 times the average of the AFL–CIO member. You probably know why. First of all, there are much higher salaries there for it to be paid from. Also, the overburdened taxpayers have helped to some extent, because to the extent there are subsidies involved in the support of the industry, seafarers can afford to be generous with campaign contributions.

My amendment would prohibit this bill, H.R. 1350, the subsidies therein, from being used for campaign contributions. Again, this is a simple proposition. Taxpayers should not be forced to fund the campaign contributions of special interest groups. Congress has already adopted similar campaign contribution restrictions on other funding bills. I hope my colleagues would support this measure, as well.

AMENDMENTS NOS. 5393 AND 5394

Mr. GRASSLEY. Mr. President, I send these two amendments to the desk and ask that they be read.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes amendments numbered 5393 and 5394.

The text of the amendments (Nos. 5393 and 5394) are as follows:

AMENDMENT NO. 5393

On page 23, after line 25, insert the following:

''(7) FAIR AND REASONABLE COMPENSATION.—The term 'fair and reasonable compensation' means that charges for transportation provided by a vessel under section 653 do not exceed by more than 6 percent the lowest charges for the transportation of similar volumes of containerized or break bulk cargoes for private persons.

At the end of the bill, insert the following:

SEC. 18. MERCHANT MARINE ACT, 1936.

Section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241(b)) is amended by adding at the end the following new paragraph:

''(3) For the purposes of this subsection, the Secretary of Transportation shall consider the rates of privately owned United States-flag commercial vessels that are available to an agency to transport cargo pursuant to paragraph (1) not to be fair and reasonable if, at the time the agency arranges for the transportation of the cargo, the lowest acceptable rate offered for the transportation by a privately owned United States-flag commercial vessel exceeds the lowest acceptable rate offered for the transportation by a foreign-flag commercial vessel by more than 6 percent.''.

SEC. 19. MILITARY SUPPLIES.

(a) IN GENERAL.—Section 2631 of title 10, United States Code, is amended—

(1) in subsection (a)—

(A) in the second sentence, by striking ''is excessive or otherwise unreasonable'' and inserting ''is not fair and reasonable''; and

(B) in the third sentence, by striking ''by those vessels may not be higher than the charges made for transporting like goods for private persons'' and inserting ''by those vessels as containerized or break bulk cargoes may not be higher than the charges made for transporting similar volumes of containerized or break bulk cargoes for private persons''.

(2) in subsection (b)—

(A) by redesignating paragraph (3) as paragraph (4); and

(B) by inserting after paragraph (2) the following new paragraph:

''(3) For purposes of this section, the President shall consider the rates charged by a vessel referred to in this section not to be fair and reasonable if, at the time the arrangement is made for the transportation by sea of supplies referred to in subsection (a), the lowest acceptable freight offered for the transportation by any such vessel exceeds by more than 6 percent the lowest acceptable freight charged by a foreign-flag commercial vessel for transporting similar volumes of containerized or break bulk cargoes between the same geographic trade areas of origin and destination.''.

(b) MOTOR VEHICLES FOR MEMBER ON CHARGE OF PERMANENT STATION.—Section 2634 of title 10, United States Code, is amended—

(1) in subsection (a)(3), by inserting ''or if the freight charged by a vessel referred to in clause (1) or (2) is not fair and reasonable'' after ''available''; and

(2) by adding at the end of subsection (b) the following new clause:

''(3) The term 'fair and reasonable' means with respect to the transportation of a motor vehicle by a vessel referred to in clause (1) or (2) of subsection (a) that the freight charged for such transportation does not exceed, by more than 6 percent, the lowest freight charged for such transportation by a vessel referred to in clause (3).''.

AMENDMENT NO. 5394

(Purpose: To prohibit the use of funds received as a payment or subsidy for lobbying or public education)

On page 16, between lines 23 and 24, insert the following:

''(q) PROHIBITION ON THE USE OF FUNDS FOR LOBBYING OR PUBLIC EDUCATION.—

''(1) IN GENERAL.—An operating agreement under this subtitle shall provide that no payment received by an owner or operator under the operating agreement may be used for the purpose of lobbying or public education.

''(c) DEFINITIONS.—For purposes of this subsection, the terms 'lobbying' and 'public education' shall have the meanings provided those terms by the Secretary of Transportation.

On page 18, between lines 21 and 22, insert the following:

''(4) PROHIBITION ON THE USE OF FUNDS FOR LOBBYING OR PUBLIC EDUCATION.—

''(A) IN GENERAL.—An Emergency Preparedness Agreement under this section shall provide that no payment received by a contractor under this section may be used for the purpose of lobbying or public education.

''(B) DEFINITIONS.—For purposes of this paragraph, the terms 'lobbying' and 'public education' shall have the meaning provided those terms by the Secretary of Transportation.

On page 26, between lines 17 and 18, insert the following new subsection:

(c) PROHIBITION ON THE USE OF FUNDS FOR LOBBYING OR PUBLIC EDUCATION.—Section 603 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1173) is amended by adding at the end the following new subsection:

''(g) PROHIBITION OF THE USE OF FUNDS FOR LOBBYING EDUCATION.—

''(1) IN GENERAL.—No subsidy received by a contractor under a contract under this section may be used for the purpose of lobbying or public education.

''(2) DEFINITIONS.—For purposes of this subsection, the terms 'lobbying' and 'public education' shall have the meanings provided those terms by the Secretary of Transportation.''.

On page 16, between lines 23 and 24, insert the following:

''(q) PROHIBITION OF THE USE OF FUNDS TO INFLUENCE AN ELECTION.—An operating agreement under this subtitle shall provide

that no payment received by an owner or operator under the operating agreement may be used for the purpose of influencing an election.

On page 18, between lines 21 and 22, insert the following:

''(4) PROHIBITION ON THE USE OF FUNDS TO INFLUENCE AN ELECTION.—An Emergency Preparedness Agreement under this section shall provide that no payment received by a contractor under this section may be used for the purpose of influencing an election.

On page 26, between lines 17 and 18, insert the following:

(c) PROHIBITION ON THE USE OF FUNDS TO INFLUENCE AN ELECTION.—Sectiion 603 of the Merchant Marine Act, 1936 (46 U.S.C. App. 1173) is amended by adding at the end the following:

''(g) PROHIBITION ON THE USE OF FUNDS TO INFLUENCE AN ELECTION.—No subsidy received by a contractor under a contract under this section may be used for the purpose of influencing an election.''

Mr. GRASSLEY. Mr. President, the last amendment I am going to propose on this bill states that subsidized carriers must provide U.S. flag and U.S. crews for the entire defense sealift voyage. This amendment is responding to the desire, presumably, behind the bill, presumably behind cargo preference legislation for 50 years, a necessity of having American ships and U.S. crews delivering our products, our materiel, to the war zone. So it requires that we have U.S. flag and U.S. crews for the entire defense sealift voyage.

Most believe that if we pay these U.S.-flag carriers this billion dollar corporate welfare subsidy over the next 10 years, they will carry out their obligation to deliver military sustainment cargo all the way into the war zone with their U.S.-flag commercial vessels with U.S. crews. Unfortunately, neither the VISA program, which is already in place, nor this bill, H.R. 1350, guarantees this. So the legislation purports that it is necessary, for our own national security, to have our own U.S. ships and our own U.S. crews to deliver to the war zone our war materiel. Yet, there is no guarantee from this legislation and no guarantee from VISA that this will be the situation.

What typically is the practice is that U.S.-flag vessels will deliver war sustainment materiel to its commercial hub—that hub could be Rotterdam, as an example—and then unload it onto foreign-flag, foreign-crewed vessels, which will then carry the materiel into the war zone.

But this bill does not correct this situation, the practice of using foreign vessels and foreign crews feeders. Now, as you have heard me say, that doesn't bother me so much because, as a practical matter, that is the way we get our goods there. But it seems to me that if we are going to have this subsidy of $2.1 million of corporate welfare for each ship and they get paid that just for the obligation they have to the United States to be available in case of war, or to provide equal service in the case of war, then they ought to be delivering the product to the war zone.

So this practice of transferring to foreign ships and foreign-crewed vessels caused us a lot of confusion about the extent of U.S.-flag support during the Persian Gulf war. Some believe that these U.S.-flag commercial container vessels, which will be subsidized under H.R. 1350, delivered 79 percent of our military cargo into the war zone. This is just not accurate.

We must not confuse the difference among the cargoes and the ownership of vessels. Although much of the Persian Gulf cargoes were carried by U.S. flags, many were Government-owned vessels, not the commercial-owned container vessels that seek these taxpayer subsidies. In reality, Government-owned and Government-chartered vessels deliver 50 percent of these cargoes—primarily ammunition and military equipment. The remaining 29 percent of cargoes, which was primarily sustainment—that included food, clothing, and things like that—was transported by U.S.-flag container vessels to some hub port around the world. From there, most of the military sustainment cargoes were unloaded onto foreign-flag, foreign-crewed vessels, which made the deliveries into the war zone. In short, virtually all of the military sustainment cargoes carried by U.S.-flag container vessels were transferred to foreign flag/foreign crews to be delivered into the war zone. Foreign flag/foreign crews made about 500 voyages into the gulf war zone. About 300 were feeder vessels that picked up cargo from U.S.-flag containers at a hub port. This practice will not change under this bill and VISA, as it is currently written.

In fact, this legislation will allow U.S.-flag carriers to meet its stage three obligation by substituting its U.S. flag/U.S. crews with foreign flag/foreign crews for the entire voyage, not just to the hub.

Now, what is even more incredible is the fact that these subsidized U.S.-flag carriers will be able to charge U.S.-flag premium rates, while providing the Department of Defense with foreign-flag/foreign-crewed vessels.

Although the inference in this legislation may be that we will have American crews with American-owned ships do the necessary job of transporting our war materiel, and that may be an intent of the bill, it is not a certainty with the bill. It seems to me that we ought to nail that down for that $2.1 million corporate welfare subsidy.

Now, our distinguished majority leader, Senator LOTT, on July 30, 1996, stated this:

> Our military needs a U.S.-flag merchant marine to carry supplies to our troops overseas. We cannot—in fact, we must not—rely upon foreign ships and foreign crews to deliver supplies into hostile areas.

That was our own distinguished majority leader a little over a month ago, speaking of the importance of this. My amendment, then, to H.R. 1350 is necessary if we hope to achieve the objective stated on July 30, 1996, by Senator LOTT.

My amendment requires subsidized carriers to provide Uncle Sam with U.S.-flag vessels and U.S. crew members to carry the war materiel, and to carry it clearly into the war zone, not just to a commercially convenient drop-off point, such as Rotterdam. In other words, if we are paying a $2.1 million subsidy to have these ships available, with the responsibility to get the stuff to the war zone. If the philosophy behind this legislation is that we should have this stuff carried to the war zone on American ships with American crews, then obviously the bill ought to do that. Otherwise, it ought to be made very clear that what this bill is supposed to do, it really does not do that.

So you want to remember that maritime unions and carriers are constantly arguing that we cannot trust foreign flag and foreign crews, and they say that is why we must subsidize American companies' ships with this corporate welfare program that is before us.

So then it seems to me that, under this philosophy, taxpayers should be able to insist that U.S.-flag carriers that receive this billion-dollar corporate subsidy over 10 years put their national defense responsibilities ahead of their commercial interests in times of war.

AMENDMENT NO. 5395

(Purpose: To provide that United States-flag vessels be called up before foreign flag vessels during any national emergency and to prohibit the delivery of military supplies to a combat zone by vessels that are not United States flag vessels)

Mr. GRASSLEY. I send this amendment to the desk and ask that it be read as I did the other two.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 5395.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place, insert the following new section:

SEC. . IMPLEMENTATION OF VOLUNTARY INTERMODAL SEALIFT AGREEMENT.

(a) IN GENERAL.—In any national emergency covered under the Voluntary Intermodal Sealift Agreement described in the notice issued by the Maritime Administration on October 19, 1995, at 60 Fed. Reg. 54144, the Secretary of Transportation shall ensure that, to the maximum extent practicable, United State-flag vessels are called into service to satisfy Department of Defense contingency sealift requirements under a State III activation of the Agreement (as described in the notice) before foreign flag vessels are used to satisfy any such requirements.

(b) LEVEL OF PARTICIPATION.—

(1) IN GENERAL.—Notwithstanding any other provision of law, United States-flag vessels that are the subject to a payment or subsidy under title VI the Merchant Marine Act, 1936, as amended by section 2 of this Act, shall be required to participate under the Voluntary Intermodal Sealift Agreement in accordance with this section.

(2) STAGE III LEVEL OF PARTICIPANTS.—In a Stage III activation of the Voluntary Intermodal Sealift Agreement, a carrier shall make available for satisfying Department of Defense contingency sealift requirements 100 percent of the carrier's United States-flag vessels that are subject to a payment or subsidy referred to in paragraph (1).

(3) STAGE I OR II LEVEL OF PARTICIPATION.—In a Stage I or II activation of the Voluntary Intermodal Sealift Agreement, a carrier shall make available for satisfying Department of Defense contingency sealift requirements the maximum percentage practicable of the carrier's United States-flag vessels that are subject to a payment or subsidy referred to in paragraph (1).

(c) REQUIREMENT FOR CERTAIN STAGE III PARTICIPANTS.—

(1) REQUIREMENT.—Notwithstanding any other provision of law, in the provision of sealift services in accordance with a Stage III activation of the Voluntary Intermodal Sealift Agreement, a United States-flag vessel referred to in subsection (b) shall be operated by a crew composed entirely of United States citizens—

(A) whenever the vessel is in a combat zone; and

(B) during any other activity under Stage III of such agreement.

(2) PROHIBITION.—A carrier may not use any vessel other than a United States-flag vessel operated by a crew composed entirely of citizens of the United States to provide any part of sealift services that the carrier is obligated to provide under a Stage III activation of the Voluntary Intermodal Sealift Agreement.

(d) CONSULTATION.—The Administrator of the Maritime Administration, in consultation with the Secretary of Defense, shall establish procedures to ensure that the requirements of this section are met.

(e) DEFINITION.—For purposes of this subsection, the following definitions shall apply:

(1) COMBAT ZONE.—The term ''combat zone'' shall have the meaning provided that term in section 112(c)(2) of the Internal Revenue Code of 1986.

(2) NATIONAL EMERGENCY.—The term ''national emergency'' means a general declaration of emergency with respect to the national defense made by the President or by the Congress.

Mr. GRASSLEY. Mr. President, parliamentary inquiry. The other two amendments are officially before the body as well.

The PRESIDING OFFICER. The Senator is correct.

Mr. GRASSLEY. I inform the Senator from Alaska and the Senator from Hawaii that these are the amendments that I proposed. I can offer more. Obviously, if I am going to offer more, I have to do it before 2 o'clock. Am I right, Mr. President? These amendments must be offered by 2 o'clock?

The PRESIDING OFFICER. Any amendments to this bill would have to be offered by 5 p.m. today.

Mr. STEVENS. If the Senator will yield, that includes time for Senator HARKIN to offer his amendment.

Mr. GRASSLEY. I am going to give up the floor. I just wanted to speak to the fact that there might be some reason that I cannot think of right now to offer another amendment. I do not really anticipate doing it. So I yield the floor. I would be happy to respond to questions or engage in debate. I should give my opponents the courtesy of listening to their objections to my amendments. Whatever the floor managers at this point want to do, I yield the floor.

Mr. STEVENS. Mr. President, we have not had a chance to study the amendments. I only have the first one in my hand now. We have two more. I can't debate these amendments until I have a chance to analyze them. So 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. INOUYE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENT NO. 5396 TO AMENDMENT NO. 5393

(Purpose: To provide for payment by the Secretary of Transportation of certain ocean freight charges for Federal food or export assistance)

Mr. INOUYE. Mr. President, on behalf of the Senator from Iowa [Mr. HARKIN], I send to the desk an amendment to the Grassley amendment No. 5393, and this is offered in the second degree.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Hawaii (Mr. INOUYE), for Mr. HARKIN, proposes an amendment numbered 5396 to amendment numbered 5393.

Mr. INOUYE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. . OCEAN FREIGHT CHARGES.

(a) IN GENERAL.—Notwithstanding any other provision of law, the Secretary of Transportation shall finance any ocean freight charges for food or export assistance provided by the Federal Government for any fiscal year, to the extent that such charges are greater than would otherwise be the case because of the application of a requirement that agricultural commodities be transported in United States-flag vessels.

(b) APPLICATION OF OTHER ACTS.—Subsections (c), (d), and (e) of section 901d of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241h) shall apply to reimbursements required under subsection (a).

(c) DEFINITIONS.—As used in this section:

(1) AGRICULTURAL COMMODITY.—The term ''agricultural commodity'' has the same meaning given to such term by section 402 of the Agricultural Trade Development and Assistance Act of 1954.

(2) FOOD ASSISTANCE.—The term ''food assistance'' means any export activity described in section 901b(b) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241f(b)).

Mr. INOUYE. Mr. President, pursuant to the agreement, this amendment will be discussed on Tuesday at 4:30.

Mr. President, if I may, during the time available, respond to the amendments as submitted by Senator GRASSLEY, many critics of the U.S.-flag merchant marine have suggested that the U.S. military rely on foreign-controlled and foreign-flag vessels for sealift because they maintain that to ship goods on foreign vessels would be less expensive. However, I would like to suggest that to do this would subject our Armed Forces to a highly unreliable source of sealift and supply. This would leave the United States at the mercy of price gouging by foreign-flag vessels who would have a captive client.

For example, in the recent war in the Persian Gulf, 80 percent of the cargo was carried on American flags. We had to pull out ships from all over the seven seas. But we cannot provide 100 percent coverage of all cargo. It was not possible. Our fleet was not large enough. Therefore, to carry the remaining 20 percent, we had to rely on foreign vessels.

These statistics that I am about to present, Mr. President, have been confirmed by the GAO and confirmed by the Department of Defense. The average cost of Desert Shield-Desert Storm shipping by foreign flag was $174 per ton. The average cost for Desert Shield-Desert Storm shipping by U.S. flagships was $122 per ton. It was $52 per ton cheaper on American ships. When shipping was particularly essential, when the demand for shipping space became an urgent matter, foreign-flag vessels began to gouge the U.S. military. And I am going to read examples of this.

During this period, the vessel *Green Lake,* which is an American vessel, was paid $31,500 per day to charter. The vessel capacity was 400,416 square feet. For each dollar that we paid, we carried 12.71 square feet. We were able to purchase 12.71 square feet for $1.

In the case of the Italian vessel *Jolly Smeraldi,* we paid a $29,000 per day charter cost. The vessel capacity is 97,427 square feet. And for each dollar that we provided this Italian ship, it provided us 3.35 square feet as compared to the American at 12.71.

The *Saudi Riyada,* we paid that company $25,000 per day. The Saudi Riyada evidently is owned by the Government of Saudi Arabia. The vessel capacity is 141,000. And for each dollar that we paid the *Saudi Riyada,* we were able to use 5.64 square feet.

I could go on and read dozens of cases of this sort. But in each case we got a bargain from American steamship companies, whereas, on the other hand, these companies, these foreign vessels, were gouging us.

For example, it might interest Americans to know that the Norwegian vessel *Arcade Eagle* was given $16,000 per day by charter, and they carried 55,000 square feet of cargo which comes down to 3.43 square feet per dollar. The usual charge of the *Arcade Eagle* would be $8,000 per day for charter. But in this case, because they knew that the United States had no choice but to rely upon foreign vessels, they doubled their cost. And in each case, whenever we called upon foreign vessels to help us carry cargo to this war zone, they

jacked up the price because they knew we had no choice.

What I am trying to say is that notwithstanding the criticism we might hear, we get a better deal from American vessels than from any foreign-flag vessel. In the case of the U.S. ship *Green Lake,* for example, for $1 we had more than 12 square feet of cargo space. For the Panamanian ship *Takoradi,* for each dollar we paid that company, we got 2.85 square feet of cargo space.

Second, one of the amendments would require that any cargo carried by American vessels must continue on into the war zone. This would take away the military flexibility that is so necessary to the military leaders for one reason. Not all harbors are deep enough. Most of the American ships are the larger ones, the tankers, the huge tankers that can carry a large amount of cargo, and they require deep harbors. These are deep draft ships. These are not small ships.

For example, it would be impossible for the *Green Lake* to go to Somalia. That was one of the war zones. It would be impossible for the *Green Lake* to go into the harbor in Bosnia. Therefore, the *Green Lake* would carry the cargo to the nearest major port, in the case of the Bosnian war, in Italy and there place the cargo on smaller American or foreign vessels to finish up the journey. And so this amendment which would require military leaders to charter ships that will carry a cargo from point of departure to point of arrival without any stoppage would take away the flexibility that military leaders require.

These amendments just make no sense, Mr. President. And finally, the amendment proposed relating to campaign contributions and educational programs. The amendment says that if any company receives subsidies, that company may not involve itself in providing campaign contributions or involving themselves in political campaigns.

There are many subsidy programs in the United States. Farmers receive large amounts of subsidy. They join the Farm Bureau. Does this mean that the Farm Bureau can no longer participate in political campaigns? Does it mean that it cannot make political contributions? If this amendment were to be applied to all subsidy recipients, and many subsidies are for research grants—just about every university in the United States receives some sort of grant. Some are large; some are small. Does this mean that the professor who is conducting the research program is denied his constitutional right to make a campaign contribution?

These amendments at first glance may appear to be reasonable, rational, and very American, but when one analyzes the amendments, they begin to bring up problems that I do not think the author intended.

So I hope that when the time comes on Tuesday to determine whether to accept or to deny these amendments my colleagues will vote against them.

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.

Mr. GRASSLEY. Mr. President, on July 30, 1996, Senator LOTT said, and I quote, ''We cannot, in fact, we must not, rely on foreign ships and foreign crews to deliver supplies into hostile areas.''

This is the impetus for one of the three amendments that I have that require American crews and American bottoms subsidized by this bill, to carry war materiel, carry it the entire way to a war zone. And this legislation does not require this.

I know it is the intent of the legislation that American bottoms and American crews be used most of the time, or maybe all the time. That may be the intent. But it is not required. And Senator LOTT being one of the biggest proponents of this legislation stated this. Since this is his measure of the importance of our maritime industry, I felt we should bring that issue here in the way of my amendment.

Now, I want to speak maybe just for 3 or 4 minutes in response to the amendment that has not been debated but has been offered by the Senator from Hawaii for my colleague from Iowa, Senator HARKIN.

I know there is going to be an opportunity for us to speak on this Tuesday under the unanimous consent, but I would like to express this thought about this idea of my colleague from my State.

This happens to be the second time that my colleague from Iowa has tried to undercut my efforts to obtain sanity and control over the way we shovel union welfare and corporate welfare funds to the U.S. maritime industry and the merchant marines. The last time was 6 years ago exactly.

The purpose of this amendment is to have the U.S. Department of Transportation pay the cargo preference costs rather than the Agriculture Department for the food programs of the Agriculture Department. I do not think we can find any fault with the Transportation Department paying it instead of the Agriculture Department, because it is a transportation cost and it is not the cost of food. But it does not accomplish anything and is just a bookkeeping issue.

So I said then, 6 years ago, and I say again today, it does not make any difference which agency pays for cargo preference—either way taxpayers get ripped off. So this amendment by my colleague from Iowa would continue to allow the maritime labor unions to rip off taxpayers.

I read in debate yesterday from this Rubin-Clinton memo. The Rubin-Clinton memo had been sent to every Senator last year by Citizens Against Government Waste. I had it delivered again to each office yesterday.

In short, Secretary Rubin, in his memo to President Clinton on this issue of subsidies for the maritime industry, President Clinton's own Cabinet people argue that maritime subsidies are simply aimed at paying high-priced seafarers. They argued that the maritime subsidies are little more than a jobs bill, and it would be unfair to give special treatment to seafarers unless President Clinton would be willing to give other workers facing job losses the same type of subsidies.

The amendment I have on this bill is supported by taxpayers' organizations because it goes to the heart of wasteful maritime subsidies. My amendment requires Congress to define the legal term ''fair and reasonable rates.''

So, if Senator HARKIN's amendment would be adopted, then that would undercut the pressure for Congress to define what is fair and reasonable, because we have left that definition to the maritime industry. The Maritime Administration has been more concerned about the maritime industry and the maritime unions, protecting them, than protecting the taxpayers. So they have a very liberal ''fair and reasonable rate'' definition.

So, in my amendment, which Senator HARKIN has offered to amend, we use the same type of definition for taxpayers' protection that are under Buy-America laws, which are already on the books. In short, such as with Buy America, agencies can buy products, or in maritime cases it would be services, if U.S. companies are charging taxpayers 6 percent more than foreign companies. My amendment might save the taxpayers $500 million a year.

Now, for $500 million a year I use as a source—I honestly can document $500 million. There is, in every budget since Darman was Director of the Office of Management and Budget, a figure on what cargo preference costs are. We never had it in previous budgets. At least we have a dollar figure on it now.

So, Senator HARKIN's amendment in the final analysis does not save the taxpayers one thin dime. It merely says this is going to be paid for out of transportation rather than out of the Agriculture Department. So I urge my colleagues to oppose this amendment.

I do not think we should fool ourselves. This amendment will not help farmers who happen to be taxpayers as well. My amendment gets at saving taxpayers the money, not just saying who is going to pay for the cost of cargo preference.

Our appropriating committees will simply take money out of funds allocated under agriculture to buy food for those starving overseas, which is the agriculture program involved, and they will take whatever the cargo preference cost is and give it to the Transportation Department. Farmers will

not sell more food under this amendment. It will not save the taxpayers any money. And this is the reason this amendment should be opposed.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I wish I had the luxury of the Senator from Iowa to make statements that he just made. The Senator from Hawaii and I have the duty to also manage the defense budget. We know what it costs to maintain ships and crew them 12 months a year, to pay for the construction of the ships in order to have them available to send food and supplies to our service men and women when they are at war. We can no longer afford that. We have had to abandon the program started by President Eisenhower. As I said on the floor right here last night, the build and lease programs where we built the ships and we leased them to other people during peacetime and we used them during war, it cost us a great deal more than the system does now.

I am sad that these great organizations that support the concept of protecting the taxpayers have been misled again. But they have been misled. If we followed the advice of the Senator from Iowa, we would be spending billions more—billions. We did spend billions. We have cut it down now to where it is going to be less—I have said $150 million less than the program costs us today—if we pass this bill.

This amendment of the Senator would require that U.S. ships carry Government cargo at rates no more than 6 percent higher than the lowest rate charged by any foreign-flagged vessel, regardless of the quality of the vessel or whether or not that vessel could even handle the cargo. These foreign-flagged vessels operate under flags of convenience. They do not meet our safety requirements, environmental standards, and they do not pay decent wages. Their seamen left the ships when we had them under contract to go to the Persian Gulf. They abandoned their ships. They would not go into harm's way.

Cargo preference accounts for only 1¼ percent of all commercial and Government agricultural exports. The Senator from Iowa is representing farmers very well. I understand that. We represent the taxpayers. I think the fact that these taxpayers' organizations have been misled by things like my friend from Iowa has said is what gets us into so much trouble with these organizations.

The 1997 budget estimate for cargo preference is $70 million—$70 million. The nationally recognized accounting firm of Nathan Associates estimated the U.S. Treasury receives back $1.26 for every $1 spent on cargo preference. The extra 26 cents comes from the fact that the U.S. taxes would not be paid if we do not have a U.S. fleet and U.S. crew. In other words, we are actually saving the taxpayers' money by using cargo vessels that pay to support our system. And we hire people who pay taxes.

If you want to hire foreign ships and foreign crews, you do not get any taxes, you do not get compliance with Federal standards. We have all sorts of problems, including the fact that the crews abandon ship when they have to go into war zones. That has to be figured in, but the cost to the taxpayers, if we follow the approach that is outlined by the Senator from Iowa, would be to go back to building the ships, keep them standing in some port, paying people to sit on them, waiting until the time we have to go to war.

We have worked out a better system. This system is being designed in the interest of the taxpayers. The GAO estimates without the cargo preference, the U.S. fleet would shrink dramatically. In other words, we would have no vessels available for sealift. None. We can predict how long it would be. We can actually tell you exactly when there would no longer be any ships, and we would be completely dependent upon foreign ships to maintain our military posture. Imagine that, the last superpower of the world would have to go begging around the world in time of crisis to find some way to send supplies to our people.

The GAO found that we would lose 90 percent of the bulk cargo fleet, 80 percent of the cargo vessels, 75 percent of the intermodal vessels and 35 percent of the tankers. That is a vast majority of our fleet if we followed the advice of the Senator from Iowa.

I tell the Senate again, I don't know why we have to, as Members of the Senate, be threatened—threatened—by the taxpayers unions. That is what the Senator is doing. It is already on a sheet. Every one of us is going to be rated now by a group that is being misled. If they want to come to me, I will show them what it will cost to build a fleet, I will show them what it costs to maintain the fleet, because we know what it used to cost us. We did that in the period after World War II. Then we went into the Eisenhower build and lease program, and we know what that cost. But it was the best system available then.

We have a system now, we have an agreement from our people that they will provide us, just like we provide airplanes now. Mr. President, we do not maintain a full air cargo fleet in our military any longer. We have a CRAFT program, the civil reserve air fleet. We use our planes that are cargo planes—the best in the world—manned by Americans, built by Americans, owned by Americans, and they are available to us.

That is exactly what we are going to do now with the maritime cargo fleet. We are going to deal with U.S. vessels. We have this system, and it is going to cost the least amount in the history of the United States to provide it. The Senator from Iowa has the audacity to tell me that I am going against the taxpayers of the United States to put forward this bill to provide that system. I say this is the kind of thing that destroys the confidence in the Congress, to have people of this country told that we are wasting money when we devise a system that brings back $1.26 for every dollar we spend in order to keep this reserve military sealift capacity available.

I am sorry to say, unfortunately, under the agreement, we don't have any time to answer the Senator on Tuesday. Both Senators from Iowa will have 15 minutes to explain their amendments, and we have the right to table them. So I hope we have the confidence of this Senate that the Senator from Hawaii and I normally enjoy, and that is, that we will not mislead the Congress, we will not mislead the people of the United States, and we are not going to mislead the taxpayers.

The people misleading the taxpayers are these people who are coming forward with these fallacious arguments and presenting figures that cannot hold up. These have been studied by independent people, by the nationally recognized accounting firms, by the Government Accounting Office that we rely on as a branch of the Government, and they have told us this system is sound.

What the Senator from Iowa is trying to do is kill this bill. Any one of the amendments, if they are adopted this late in the Congress, sends this bill back to the House, and it is dead. So I intend to oppose all of his amendments and oppose them for what they are: Killer amendments. That is what they are, killer amendments, and that is his design—to kill. He has tried several times to kill the cargo preference concept. We back it because it is the most efficient way to handle export of products produced by farmers from the farm belt of this country, great people. We buy their grain and we ship it abroad on a humanitarian concept.

The Senator objects to the fact we are using American ships, American crews, American management to do that. The reason we use the American fleet is that we must have it in the event of war. Without our program, we would not have it. We would not have any, and I, in my capacity as a member of the Commerce Committee, support the cargo preference concept because I know, in my capacity as chairman of the Defense Appropriations Committee, if we do not, we have to put much more of our money that could be used to maintain our Army, our Air Force, our Navy, our Marine Corps, into maintaining a ready fleet to carry our goods to support our people if we ever have to deploy them.

My staff points out if this bill is killed, it will leave intact the more expensive system we are trying to replace. That is the point I am trying to make, too. The bill before us has been the one we have been working on, the Senator and I, now for two decades trying to put forward a concept like this.

We finally got a bill out of the House. I want to see it go to the President and signed before this Congress is over.

I will come back at a later time and address the other amendments of the Senator from Iowa. Unfortunately, Mr. President, I must leave the floor, as the Senator from Iowa did last night several times. I must leave for an hour. I will be back at 1:30.

Mr. INOUYE addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. Mr. President, if I may comment upon the very eloquent statement made by my colleague from Alaska on cargo preference. Cargo preference is not new. In fact, every nation on this globe that has a maritime fleet has cargo preference. The United States was the last nation to adopt cargo preference as part of its economic policy.

How does cargo preference operate? Whenever we buy oil from Saudi Arabia, the requirement is if you are going to buy Saudi oil, it will be shipped on Saudi ships, and the only time an American ship may carry that Saudi oil is when there are no Saudi ships available. We have no say as to how much they are going to charge for the shipment of that crude oil.

Whenever we buy automobiles from Toyota, Mitsubishi, and God knows what else, they come in on Japanese ships, not on American vessels, because that is part of the cargo preference agreement.

Our cargo preference laws are very limited. It applies only to humanitarian goods, agricultural products. For example, when starvation was rampant in Ethiopia, the United States, like most other nations, responded by sending food. Under our laws, it says that 50 percent of those products must be shipped on American vessels; the other 50 percent on foreign vessels. We are not like other countries that would say every pound of grain must be shipped on American vessels. We say 50 percent. There are those who are suggesting either to wipe this out or bring it down to 25 percent.

What are the consequences? Imagine American grain on a Russian vessel shipped to Ethiopia—and this is not a hypothetical, Mr. President, it is done—with the red flag. And you can just hear the stevedores unloading American grain, an American gift and saying, ''Thank you, Soviet Union.'' ''Thank you, Russia.'' That is how it appears. By cargo preference, we are keeping our fleet alive.

Mr. President, I think we should remind ourselves that at the end of World War II we were the superpower when it came to shipping. No other nation came close to us. The British fleet was at the bottom of the Atlantic and the Pacific Oceans. The Russian fleet was nonexistent. The German fleet was nonexistent. The Japanese fleet was nonexistent. We were the shipping nation of the world.

Today, Mr. President, we have less than 350 ships. We are No. 15. The Chinese have more ships, the Greeks have more ships, the Italians have more ships, the British have more ships. In order to bring down the cost of running this Government and taking off the burden from our taxpayers, we have strange laws.

This might interest you, Mr. President. The mail that is now being carried from our shores to our NATO allies, that is, in Europe, one would assume would be carried on American vessels. Russian mail from Russia comes in on Russian ships. British mail from England would come in on British ships. Japanese mail would come in on Japanese ships.

So you would think that American letters from here to Europe and from Europe to America would be on American ships. No, it is not so. We open it up to bid. The lowest bidder will carry the cargo and the ships and the mail. The shipping company that carries our mail is the Polish Steamship Company. It is owned by Poland. It is not a private steamship company. It is owned by the Government of Poland, fully subsidized. How can you expect any American vessel to bid against the Polish Steamship Company? At one time it was the Russian Steamship Company.

These steamship companies are either fully subsidized or partially subsidized by their nation. The United States has to compete in that playing field. So the small amount that we set aside for cargo preference is not only wise, it is not only prudent, it is absolutely necessary because without that you will find that many of our ships would decide to go out of business.

I think we should also keep in mind that our ships, unlike those ships of other countries, pay good wages. I do not suppose Americans would expect our merchant seamen to work for minimum wage. I do not suppose that we American taxpayers want our merchant seamen to have no health benefits, no pension programs. I think they are entitled to pension programs like other workers. They are entitled to at least a minimum wage like other workers.

Most of the sailors on foreign vessels do not match our minimum wage. And we expect, under this amendment, to have our ships pay a rate that would require the companies to pay our merchant fleet seamen less than minimum wage? It is outrageous. It is demeaning.

Mr. President, I hope that we will join our chairman from Alaska to oppose all of these amendments. Cargo preference is not bad. It makes good sense. I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I know that my colleague from Alaska had to leave the floor for an hour, and legitimately so, because he has important duties elsewhere. But I want to take time to respond to the sadness he expressed that organizations like the National Taxpayers Union would be concerned about the waste in this bill, as they see it and as I see it, the fact that we should not have corporate welfare subsidies, and that they are reflecting their membership at the grassroots level, that he is sad for that, or at least for what he considers to be a negative impact that that process has on the legislative process.

He should not be saddened in any way because basically what we are talking about here is a constitutional right that is in the first amendment. It is in the first amendment and about which you do not hear much. You always hear about freedom of speech, freedom of religion, freedom of press, but you do not read much about the right to petition your Government for redress of grievances.

All these organizations are doing, in opposing this legislation, is speaking for their grassroots membership who feel that Washington is wasting money on a corporate welfare subsidy. We ought to encourage that process. We should not be saddened by that process. It is what has made America great for the 209-year history of our constitutional Government. I want to encourage it.

If I had letters from the National Taxpayers Union in opposition to this legislation, that is not any more illegitimate than the Senator from Alaska or the Senator from Hawaii having letters from the maritime industry, the individual corporations, or from the maritime unions in support of the legislation.

Everybody has a right to voice their opinion on legislation. We ought to spend our time listening and encouraging that process. We should not be discouraging that process. The more open Government can be, the stronger our Government will be. And there is so much cynicism at the grassroots that we do not listen to our people that it is weakening the very foundation of our system of representative government. Each one of us has a responsibility to encourage that process of representative government and to listen.

It is better to listen to a Taxpayers Union member in my State of Iowa than their national organization. It is better to listen to the individual who does not belong to any organization than it is to listen to organizations in town. But the right of association guarantees those same people at the grassroots who feel that they do not have time to work the governmental process to work through organizations. That is just as true of the members of the National Taxpayers Union as it is the employees of John Deere in Waterloo, IA, working through their UAW people in Washington, DC; albeit, it is better if each of us listened to the individual and not have it filtered through the organization.

The issue was brought up by the Senator from Alaska of how this saves money. If you compared the cost of existing programs, this bill will cost less.

I do not dispute that. I have never disputed that. But can we spend even less and get the job done? I feel we can. And if we can, we should.

It was disputed that I had the authority to use numbers for savings. We know what cargo preference costs. We know that because after my railing about it for several years, the Office of Management and Budget started ferreting out the information where it is hidden in the appropriations of different departments, and bringing it together in one figure. It is in the President's budget document. So that $600 million figure I did not make up. It is a study figure from the President's budget.

Now, whether or not these good-Government groups like the National Taxpayers Union should be sending these letters, I suggest to the leadership of this bill that it would not have been necessary for that point of view to be considered this late in the legislative process. They and other organizations in opposition to this legislation, a year ago, asked to be part of a public hearing where only the proponents of this legislation were allowed to appear—only the proponents of the legislation. The opposition was not heard.

If the committee process had worked the way it should have worked—without having both pro and con in a hearing, to have a fair hearing. They tried to get a second hearing since then, and for a long period of time was promised such a hearing, but it did not come off. So these problems would not have existed in getting their point of view out if they had been heard in the first place.

So that it is plain, very plain that these organizations did ask to appear. From the director of government relations of Citizens for a Sound Economy, I will read part of this letter:

To date, the subcommittee on Surface Transportation of the Merchant Marine has held one hearing on the act, failing to invite any of the many individuals and organization opposed to the bill. We believe that consideration of the act without the benefit of open debate will prevent the Senate from making an informed decision in this matter.

Americans for Tax Reform say:

I strongly urge you to hold hearings on this entire bill before the full committee in which those opposed to continued maritime subsidies are allowed to state their views.

We also have Citizens Against Government Waste. To the chairman of the committee:

Therefore, we urge that no Senate consideration of either H.R. 1350 or S. 1139 be allowed until the first Senate commerce committee holds open hearings allowing independent experts and critics to testify.

Then a letter from my colleagues:

We therefore request that before either H.R. 1350 or S. 1139 be considered by the Senate that you hold a series of full committee hearings to explore the work devoted to the Rubin memo and the MIT study, and to hear the concerns and successes.

Suggestions from a growing number of critics of maritime subsidies—a letter on March 12 of this year was sent to the chairman of the committee and signed by Bob Dole, JOHN ASHCROFT, DON NICKLES, NANCY KASSEBAUM, HANK BROWN, myself, JON KYL, JESSE HELMS, and ROD GRAMS, the distinguished Presiding Officer right now. We did not get into the hearing room, obviously.

I ask unanimous consent these letters be printed in the RECORD.

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

AMERICANS FOR TAX REFORM,
Washington, DC, May 10, 1996.

Hon. LARY PRESSLER,
U.S. Senate,
Washington, DC.

DEAR SENATOR PRESSLER: The so-called ''Maritime Reform and Security Act of 1995'' (H.R. 1350 and S. 1139) is now pending in the Senate—without a single opportunity for those who oppose the continued corporate maritime subsidies in the bill to testify before the Subcommittee on Surface Transportation and Merchant Marine. Americans for Tax Reform strongly opposes the continuation of commercial maritime subsidies in any form and strongly urges you to hold hearings before the full Commerce Committee on all of the provisions of this bill.

Numerous independent studies have illustrated the needless and excessive cost of commercial maritime subsidies to the U.S. taxpayer. For example, a 1989 Department of Transportation report done by MIT entitled ''Competitive Manning on U.S.-flag Vessels'' exposed serious waste in this program and determined that maritime subsidies could be reduced by half if there was, in fact a military need for these ships. Even Al Gore has concluded that these subsidies should be abolished.

Like many proponents of increased government intervention, supporters of this legislation assert that it is necessary for national security reasons. However, S. 1139 is not likely to be at all effective in accomplishing that task. In fact, the Department of Defense's Mobility Requirements Study, Bottom UP Review Update concluded that even without subsidies, the US shipping fleet would be adequate in the event it was needed in time of conflict. If the United States military can meet its requirements without these subsidies, why are we asking the American taxpayer to foot the bill?

The subsidies contained in the Maritime Reform and Security Act of 1995 are particularly egregious examples of bloated federal government spending taxpayers' money on a project that is wholly unnecessary. This Congress has shown its willingness to eliminate ridiculous pork-barrel spending. Why are you even considering extending a program that costs American taxpayers more than $100,000 per job subsidized annually?

I strongly urge you to hold hearings on this entire bill before the full committee, in which those opposed to continued maritime subsidies are allowed to state their case.

Sincerely,

SCOTT P. HOFFMAN,
Director of Operations.

U.S. SENATE,
Washington, DC, March 12, 1996.

Hon. LARRY PRESSLER,
Chairman, Senate Commerce Committee.

DEAR CHAIRMAN PRESSLER: Last year, you joined us in a letter to Budget Chairman Domenici calling for the ''elimination of wasteful maritime programs.'' As you can see from the enclosed materials, public interest groups also oppose maritime subsidies, including:

(1) Citizens Against Government Waste
(2) National Taxpayers Union
(3) Citizens for a Sound Economy
(4) Heritage Foundation
(5) Competitive Enterprise Institute
(6) Cato Institute
(7) Progressive Policy Institute of the Democratic Leadership Conference, and
(8) Ralph Nader's Essential Information Group

Unfortunately, these and other critics of maritime subsidies were not called to testify at the single hearing by the Subcommittee on Surface Transportation and Merchant Marine. Now H.R. 1350 and S. 1139, the Maritime Reform and Security Act of 1995, are pending on the Senate Calendar.

The committee was denied the benefit of important independent analyses of maritime subsidies, including the MIT report entitled ''Competitive Manning on U.S.-flag Vessels'' which exposed serious waste and determined maritime subsidies could be cut in half.

The committee also was denied the benefit of extensive work by 16 executive branch agencies summarized in the 1993 ''Decision Memorandum on Maritime Issues'' from Robert Rubin to President Clinton. Fifteen of 16 executive branch agencies concluded that as few as 20 vessels—not 50—should be subsidized. The memo states that the ''Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Commander of the Transportation Command have already concluded that future requirements will not exceed 20–30 liner vessels. DOD will have no need for bulk vessels.''

It was also concluded that ''subsidies are needed primarily to offset the higher wages of U.S. mariners'' and that ''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.''

We therefore request that before either H.R. 1350 or S. 1139 be considered by the Senate, that you hold a series of full committee hearings to explore the work devoted to the Rubin memo and the MIT study, and to hear the concerns and suggestions from the growing number of critics of maritime subsidies.

Sincerely,

Bob Dole, John Ashcroft, Don Nickles, Nancy Landon Kassebaum, Hank Brown, Chuck Grassley, Jon Kyl, Rod Grams, Jesse Helms.

COUNCIL FOR CITIZENS
AGAINST GOVERNMENT WASTE,
March 7, 1996.

Hon. LARRY PRESSLER,
Chairman, Senate Commerce Committee, Washington, DC.

DEAR MR. CHAIRMAN: The 600,000 members of the Council for Citizens Against Government Waste (CCAGW) strongly oppose H.R. 1350 and S. 1139, the Maritime Reform and Security Act of 1995. These bills neither reform nor sustains security for America's hard working taxpayers. This legislation is another example of entrenched corporate political pork.

Because only maritime supporters were invited to attend the single hearing held by the Subcommittee on Surface Transportation and Merchant Marine, and critics of the programs were barred from testifying, your full committee was denied the benefit of independent analyses which would expose the enormous waste involved in federal maritime programs. There are far less costly and more effective means of protecting America's national security interests.

Therefore, we urge that no Senate consideration of either H.R. 1350 and S. 1139 be allowed until the full Senate Commerce Committee holds open hearings that allow independent experts and critics to testify.

This legislation actually undermines our national defense because it:

1. allows vessel operators to be exempt from requisitioning;

2. permits operators to withhold their U.S.-flag vessels from war duty by subcontracting far less costly foreign-flag vessels, an still receive U.S.-flag vessels, and still receive U.S.-flag premium rates;

3. provides the least militarily useful ships (i.e., large non-self-sustaining container);

4. allows the transfer of U.S.-flag vessels to foreign flags without approval, and,

5. reduces the capacity of the U.S. merchant marine fleet by allowing operators to double-dip taxpayers through multiple subsidies (direct—lump sum; indirect-cargo preference premium rates and subsidized service in the domestic trade and leasing subsidized ships without restrictions to foreign citizens).

This legislation will discourage new investment and innovation by erecting artificial, anti-competitive barriers that give the upper hand to operators servicing domestic trades in 1995, and barring subsidies to any newcomers even if they are more efficient and can provide more militarily useful vessels.

Your full committee should review the MARAD-sponsored MIT report, ''Competitive Manning on U.S.-flag Vessels.'' This report exposed wasteful maritime practices and found that subsidies could be cut down to as little as $1.1 million per vessel.

We also request that your committee study the work of 16 executive branch agencies summarized in the ''Decision Memorandum on Maritime Issues'' from Robert Rubin to President Clinton. Fifteen agencies sided with the Defense Department's conclusion that as few as 20 vessels—not the 50 required by S. 1139—are needed for national security and should be subsidized. And they concluded ''DOD will have no need for bulk vessels,'' which means cargo preference subsidies should be eliminated.

Just as telling is the fact that these agencies concluded that ''subsidies are needed primarily to offset the higher wages of U.S. mariners'' and that ''subsidizing carriers simply to preserve jobs would leave the Administration hard pressed to explain why it should not subsidize every other industry that suffers job losses.''

Your committee should also hear from the Department of Transportation's Inspector General, who concluded that the entire Maritime Administration and all of its U.S.-flag subsidies should be terminated, a conclusion similar to that reached by Vice President Al Gore's National Performance Review Transportation Task Force.

Strengthening our national defense is a goal CCAGW strongly supports, but forcing taxpayers to subsidize high-priced seafarers and militarily useless vessels during a time we are eliminating the jobs of our men and women serving in the Navy makes no sense at all. There is not one of these sealift billets that our Navy personnel, with little or no training, could handle.

S. 1139 and H.R. 1350 is corporate welfare that must be stopped. We stand ready to assist you in these hearings and in making the necessary changes to these bills.

Sincerely,

THOMAS A. SCHATZ,
President.

CITIZENS FOR A SOUND ECONOMY,
Washington, DC, March 15, 1996.

Hon. LARRY PRESSLER,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of Citizens for a Sound Economy's 250,000 members across America, I urge you to give the opponents of H.R. 1350 and S. 1139, the Maritime Reform and Security Act of 1995, a fair chance to voice their concerns. To date, the Subcommittee on Surface Transportation and Merchant Marine has only held one hearing on the Act, failing to invite any of the many individuals and organizations opposed to the bill. We believe that consideration of the Act without the benefit of an open debate will prevent the Senate from making an informed decision in this important matter. Especially at a time when Congress is attempting to come to grips with excessive spending, pro-spending legislation should not be immune from criticism.

Citizens for a Sound Economy strongly opposes the Maritime Reform and Security Act of 1995. We believe that Congress should put the era of costly Cold-War level maritime subsidies behind it. The primary beneficiary would be current and future generations of American taxpayers, who would not have to pay the price of billions of dollars in new, unneeded subsidies. We believe that America needs to rely on more competitive, least-cost solutions to national security issues and concerns. Among other needed reforms, this entails ending spending on excessive salaries and benefits for U.S.-flag seafarers and other unwarranted expenses associated with often unwarranted vessels.

We would like to emphasize that a wide spectrum of policy analysts and public officials seriously question and oppose the continuation of the maritime subsidies and intervention of all sorts. For one, Vice President Gore's National Performance Review recommended that all maritime subsidies be ended, saving Americans $23 billion over ten years. A study by the Massachusetts Institute of Technology, ''Competitive Manning on U.S.-flag Vessels,'' pointed to the extensive waste and abuse in the maritime programs and suggested ways to get more value for less taxpayer dollars. This study was commissioned by none other than the Maritime Administration. The Defense Department notes that only 8 percent of the supplies delivered to the Persian Gulf during the Gulf War came on U.S. commercial vessels. The U.S. Transportation Inspector General recently recommended that the Maritime Administration and all maritime subsidy programs be eliminated.

Harold E. Shear, former U.S. Navy Admiral and Maritime Administrator, has concluded that ''Nearly 50 years of subsidies have not prevented the demise of the U.S. merchant marine . . . Subsidies do nothing more than cause inefficiency, mediocrity, lack of incentive and dependence on Uncle Sam.'' In 1993, 15 out of 16 government agencies sided with now-Secretary of the Treasury Robert Rubin's option to President Clinton to drastically revamp the Maritime subsidies. The rationale for Mr. Rubin's option, as reported to the President, was as follows:

''Subsidies for the U.S. flag fleet have always been justified by their role in providing a sealift capacity for use in military emergencies. With the end of the Cold War, DOD's sealift requirements have declined. Although DOD's bottom-up review is not complete, the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Commander of the Transportation Command have already concluded that future requirements will not exceed 20–30 liner vessels. DOD will have no need for bulk vessels. All agencies therefore oppose renewal of direct subsidies for bulkers. This option would meet DOD's maximum military requirements. [S. 1139 requires 50 vessels].''

The *Wall Street Journal*'s Review and Outlook section noted on June 6, 1995:

''Rob Quartel, a former FMC [Federal Maritime Commission] member, figures that all maritime subsidies together cost at least $375,000 per seagoing worker. It would be a lot cheaper to pay the sailors *not* to work. Eliminating these subsidies would not only force the maritime industry to become competitive, but also would contribute to the balanced budget effort. Mr. Quartel figures, based on dynamic scoring, that eliminating subsidies would save $7 billion between 1996 and 2002, and generate new economic activity that would raise an extra $28 billion in tax revenue. Even in Washington terms, $35 billion is real money.''

Mr. Chairman, the list of dissenting voices to this legacy of subsidies from World War II and the Cold War goes on and on. We ask that you carefully weigh the costs and the benefits associated with the Maritime Reform and Security Act of 1995, and all other maritime subsidies. The American people deserve fair hearings on this issue where both points of view are represented.

Sincerely,

SHANE SCHRIEFER,
Director of Government Relations.

BALTIMORE, MD,
June 8, 1996.

Senator CHARLES E. GRASSLEY,
Senate Office Building,
Washington, DC.

DEAR SENATOR GRASSLEY, Thank you for your letter of May 30th asking me to check off certain items that I support on an enclosed form.

You note that my signature is on a form submitted by the American Security Council. I only signed that form to gain time for mature study of a then pending bill which could have resulted in subsidies for VLCCs! 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. I enclose a copy of a letter [please forgive bottom margins] that I sent to him that indicates where I stand. My qualification to comment is shown in my biology in Who's Who in America. I have not heard from them since. But I am not surprised that my opinions do not suit them.

So I prefer NOT to use your form. My views require a more complex presentation—more than in the ''tip of the iceberg'' letter enclosed.

I do believe that this country needs and should pay for only that part of a 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.

Sincerely,

GEORGE P. STEELE.
Vice Admiral (Retired).

Mr. GRASSLEY. Also, in rebuttal to the Senator from Alaska on another point he was making about foreign flags not doing the jobs, foreign crews not doing the job, as a studied response to that, I want to have printed in the RECORD a chart that tells a number of trips to the Persian Gulf. This shows that, in fact, only 17 U.S.-flag commercial vessels actually delivered goods in the war zone. This chart was provided by the military sealift command. I did not put these figures together; I got them from the military sealift command.

Only five APL vessels—these are U.S. flags—went into the war zone; only three sea-land U.S.-flag vessels went into the war zone; only four watermen,

and their U.S.-flag vessels went into the war zone; only five Lykes U.S.-flag vessels went into the war zone; total—total, only 17 U.S.-flag vessels delivered goods into the war zone. That is 17 compared to 500 trips into the war zone, so that means overwhelmingly—I hope you understand, overwhelmingly—17 trips versus 500 trips, U.S. The remaining were foreign flag, foreign crew.

I am sure the Senator from Alaska did not mean his remarks to be in support of my amendment to make sure American-flag ships deliver all the way. But his statement that he was making is a statement in support of that amendment. I am sure it was not intended to be that way, but he gives a rational argument for that amendment, a strong statement for that amendment.

I ask unanimous consent to have this printed in the RECORD.

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

U.S. CARRIER OWNED/CONTROLLED VESSELS USED FOR SMESA

	Total vessels used	U.S.-flag component	Number of vessels actually going into the gulf	U.S.-flag component
APL	30	23	12	5
Farrell	4	4	0	0
Lykes	12	12	5	5
Sea-Land	36	19	13	3
Waterman	4	4	4	4
Total	86	62	34	17

Mr. GRASSLEY. This chart makes it crystal clear the overwhelming number of these ships were foreign flag and foreign crew. Out of the defense control we only had one instance where the material did not get there—only one instance.

I think the statement by the Senator from Alaska was questioning the reliability of foreign-owned flag ships and foreign crews, but they delivered. Only one did not deliver. U.S.-flag components, total, 17. The rest out of the 500 that made it into the zone were foreign.

I have heard my colleague state U.S. flags charged less than foreign flags during the Persian Gulf war.

I want to provide my colleagues with what the Department of the Navy reported to me on the cost of charter vessels:

The cost of foreign voyage chartered ships is approximately 60 percent of U.S.-flag voyage charters.

The Navy said:

Only 41 of 283 vessels were U.S. flag.

My amendment does not prohibit transfers of smaller feeder vessels to deliver war materiel in the war zone. My amendment simply says that these smaller feeders must be U.S. flag and U.S. crewed, not foreign flag. This is what we are led to believe this bill is all about. We are led to believe that if this bill passes, only U.S. flags and crews will deliver our goods into the war zone. Without my amendment, this will not be guaranteed. My amendment says U.S. flag and U.S. crews will deliver our goods into the war zone. This is what Senator LOTT—and I quoted him twice—said 2 months ago that we need to assure.

I think it is appropriate at this point to repeat a section of a letter that I got from Vice Adm. George P. Steele, U.S. Navy, retired. He was one of those who had his name on the original National Security Council memo in support of this legislation. Then when I sent him a lot of material to study, he sent me back a very nice letter.

The last paragraph reads:

I do believe that this country needs and should pay for only that part of a 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.

Mr. President, I ask unanimous consent to submit for the RECORD two pages detailing the cost of cargo preference as determined by the Office of Management and Budget.

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

CARGO PREFERENCE PROGRAM COSTS

[Millions of dollars]

	1994		1995		1996	
	Obligations	Outlays	Obligations	Outlays	Obligations	Outlays
Agency:						
Department of Agriculture	113	132	74	74	79	79
Department of Transportation—Maritime Administration	50	50	61	61	43	43
Department of Defense	450	450	436	436	462	462
Agency for International Development	11	11	4	4	4	4
Export—Import Bank of the U.S.	4	3	5	3	8	4
Department of State [1]						
Total	628	646	580	578	596	592

[1] Estimate for costs related to transportation of preference cargo is less than $2 million.

CARGO PREFERENCE PROGRAM COSTS

[Millions of dollars]

	1995		1996		1997	
	Obligations	Outlays	Obligations	Outlays	Obligations	Outlays
Agency:						
Department of Agriculture	62	49	50	78	41	45
Department of Transportation—Maritime Administration	63	63	43	43	25	25
Department of Defense [1]	438	438	414	414	424	424
Agency for International Development	4	4	5	5	5	5
Export—Import Bank of the U.S.	40	40	61	61	71	71
Department of State	1	1	1	1	1	1
Total	608	595	574	602	567	571

[1] DOD estimate are preliminary.

Mr. GRASSLEY. Mr. President, this information is included in the President's budget each year, thanks to my request a few years ago. Cargo preferences does cost taxpayers $600 million per year. One is from the fiscal year 1997 budget and the other is from the fiscal year 1996 budget.

Mr. President, the Federal Government relies only upon numbers from OMB or CBO. We cannot use numbers from our budgeting process that come from any other source.

The Senator from Alaska quoted cargo preference cost estimates that differ from the OMB numbers I quoted. He knows, and we all know, that these non-OMB or CBO numbers cannot be used here.

I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. SANTORUM. Mr. President, I ask unanimous consent to speak as in morning business.

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

PARTIAL-BIRTH ABORTIONS—VETO OVERRIDE

Mr. SANTORUM. Mr. President, I want to take this opportunity to, No. 1, congratulate the House of Representatives for their strong, bipartisan support for the override of the President's veto on the issue of partial-birth abortions.

The House did speak strongly yesterday and did speak in a bipartisan fashion. I had the opportunity to look at some of the debate and hear some of the debate. I was impressed with the strong bipartisanship. I was impressed with how articulate Members were on debating an issue which is a very emotional issue, a very difficult issue to talk about. This is not a procedure that many people feel very comfortable discussing. I think the Members who got up and spoke on behalf of the override spoke factually, compassionately, restrained, and, as a result, I think that kind of debate is what I hope to emulate here. I hope we see it emulated here on the floor of the U.S. Senate next week. We will have a vote here next week in the U.S. Senate on whether to override the President's veto. We are only halfway home to accomplish that.

Much has been written today about the likelihood of whether the Senate will do so and reporting that it appears that the possibility of overriding the President's veto of this is dim here in the Senate. I remind everyone that in the House, when the original vote was taken, there were not sufficient votes to override the President's veto. But as a result of educational efforts that had taken place by physicians and people who are concerned about this issue with Members of the House, a number of Members were persuaded to go along with the override.

I hope that occurs here. I hope Members who voted against the bill to outlaw this procedure, who voted to allow this procedure to continue, do take the opportunity to gather more information, because since the original passage of this bill, additional information has come out, even as late as this week.

We have a story in the Bergen County Record. A health reporter for the Bergen County Record did a report on partial-birth abortions in New Jersey, where, according to all of the abortion rights advocates, there aren't partial-birth abortions being done in New Jersey.

In fact, they were only done, according to them, by a couple of doctors which totaled about 500 a year. We find out from the health reporter of the Bergen County Record in her interviews with abortionists in New Jersey that they perform roughly 3,000 second- and third-trimester abortions, and approximately half of those 3,000 abortions are done in what is called ''intact D&E''—which is a partial-birth abortion.

So we know that just in the State of New Jersey there are 1,500 such abortions—just done in the State of New Jersey. And we are talking about abortions that are performed at at least 20 weeks.

My wife is a neonatal intensive care nurse. She worked as one for 9 years. We have three children. We are very blessed to have one more on the way. She knows a lot about premature babies. She has cared for a lot. She has cared for 22-week-old babies. She has cared for 22-week-old babies that are alive and well today—many of them. She has cared for a lot of 24-weekers that are alive and well today. And she certainly has cared for a lot of babies that are 24 weeks, 29 weeks, and 34 weeks who are alive and well, and very normal and very healthy.

The question is not whether we should have late- and second-term, or third-term abortions. I believe that is a legitimate question to ask in this country. But that is not the question that is before us with this override. This override deals with a medical procedure which I think is one of the most gruesome medical procedures that if it was being done in China today human rights activists would be calling on us to sanction China. If it was done on a dog, animal rights activists would be storming the Capitol saying it is inhumane. But if it is done on a 30-week-old baby that is fully viable outside the womb it is a choice; it is not a baby; it is a choice. It is up to the doctor and the mother to determine what happens to that baby. It is a choice; it is not a baby.

I do not think that is what most of America is. When we talk about this procedure being done on late second- and third-trimester babies, a procedure that delivers the entire baby feet first—delivers the baby from the shoulders down completely outside the mother; the arms and legs of the baby are moving outside of the mother; the head is held inside the birth canal—a pair of scissors is taken and jammed into the base of the skull, a suction catheter is placed in the skull and the brains are sucked out. As a result of that the head collapses, and then they deliver the rest of the baby.

I was on the Fox Morning News yesterday morning with a woman who works for an abortion rights advocacy group. And I asked her a question, which I will ask every Member of the Senate who speaks on this issue. I hope they have an answer for me, because she didn't. My question was very simple. It was a very logical question. ''What would your position be if the head of that baby had somehow slipped out; had somehow when the shoulders were delivered had been delivered also? Would it be the woman's choice and the doctor's choice when the baby is completely removed to kill that baby? Is that then murder? Or, if you hold the baby's head inside the birth canal, it is not murder? Explain for me the difference. Answer the question.''

I know that question has been asked a lot in the last few months. And, to my knowledge, no one has answered the question. But I think you have to answer that question, don't you? Don't you have to answer a question that, if just an inch more, maybe 2 inches more, it is murder? Most Americans would consider it as murder without question. But as long as that doctor is holding the baby in, it is not murder. We are blurring the line in this country a lot. It is more than blurring. It is more of a sign of a culture that has lost its way, that does not understand what its underpinnings are any more; what its vision is; what its purpose is; what it stands for; who it cares about.

This issue is not about abortion. This is about a procedure that is so horrendous and that is so disgusting that everyone in America should say, ''No. That is not who we are.'' For we in this country are not what we say we are. It is not what we would like to tell the American public we are. We are in this country what we do. And when we do something like this to children who doctors who perform this procedure say are healthy, elective abortions—these are elective abortions; there is no medical necessity; there is no fetal abnormality but simply healthy children—when the vast majority of these abortions are done at that time and in this way we have to say no.

I am hopeful, I am prayerful that the Members of the U.S. Senate, the greatest deliberative body in the history of the world, will live up to that, live up to that title, and will truly deliberate—not react to the special interests, or to the emotion of the moment, or to some political posture that you feel locked into because, you know, ''I am for choice''—but deliberately, thoughtfully, prayerfully about who we are, about what we stand for as a country. I think if we do that—and if all of you who care about who we are, about what is to become of us, will write and call and pray for Members of the Senate over this next week—then truly remarkable things can still happen in this country and in this body, and we will surprise a lot of people next week.

I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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