

viewed the oily sheen covering Rhode Island waters on the nightly television news—would say that Ms. DiVall has it just right.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. McCathran, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE DEPARTMENT OF TRANSPORTATION FOR FISCAL YEAR 1994—MESSAGE FROM THE PRESIDENT—PM 112

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation:

To the Congress of the United States:

In accordance with section 308 of Public Law 97-449 (49 U.S.C. 308(a)), I transmit herewith the Annual Report of the Department of Transportation, which covers fiscal year 1994.

WILLIAM J. CLINTON.

THE WHITE HOUSE, January 25, 1996.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. COHEN:

S. 1525. A bill to amend title 18 of the United States Code to prevent economic espionage and to provide for the protection of United States proprietary economic information in interstate and foreign commerce, and for other purposes; to the Committee on the Judiciary.

By Mr. JOHNSTON:

S. 1526. A bill to provide for retail competition among electric energy suppliers, to provide for recovery of stranded costs attributable to an open access electricity market, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. GREGG.

S. 1527. A bill to amend the Internal Revenue Code of 1986 to treat recycling facilities

as solid waste disposal facilities under the tax-exempt bond rules, and for other purposes; to the Committee on Finance.

By Mr. BRADLEY.

S. 1528. A bill to reform the financing of Senate campaigns, and for other purposes; to the Committee on Rules and Administration.

S.J. Res. 47. A joint resolution proposing an amendment to the Constitution to permit the Congress to limit contributions and expenditures in elections for Federal office; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. COHEN:

S. 1525. A bill to amend title 18 of the United States to prevent economic espionage and to provide for the protection of United States proprietary economic information in interstate and foreign commerce, and for other purposes; to the Committee on the Judiciary.

THE ECONOMIC ESPIONAGE AND PROTECTION OF PROPRIETARY ECONOMIC INFORMATION ACT OF 1995

Mr. COHEN. Mr. President, when France, Germany, Japan, and South Korea are included in a list of nations, we automatically assume that this must be a list of America's allies—our military and political partners since the end of the Second World War. Unfortunately, this is not only a list of America's trustworthy friends, it is also a list of governments that have systematically practiced economic espionage against American companies in the past—and continue to do so to this day.

The term "espionage" evokes images of the cloak-and-dagger side of the United States-Soviet confrontation in the cold war. Since the end of the East-West struggle, however, an equally damaging and pervasive form of spying has received increasing attention—the spying that nations undertake against foreign-owned corporations in order to give their own firms an advantage in the increasingly cut-throat world of international business.

Unlike the politico-military espionage of the cold war, economic espionage pits friendly nations against each other. Instead of military strategy and weapon technologies, the sought-after secrets in economic espionage are marketing strategies and production technologies. While the cost of politico-military espionage was reduced military security, and damage from economic espionage comes in the form of billions of dollars annually in lost international contracts, pirated products and stolen corporate proprietary information. The direct cost of this espionage is borne by America's international corporations. The indirect costs are borne by the American economy as a whole—jobs and profits are lost; the competitive edge is stolen away.

The 103d Congress adopted an amendment I sponsored requiring the President to submit an annual report on foreign industrial espionage targeted against U.S. industry.

The unclassified version of the President's first annual report, which is very understated compared to the classified version, acknowledged "the post-cold-war reality that economic and technological information are as much a target of foreign intelligence collection as military and political information." The report goes on to state:

In today's world in which a country's power and stature are often measured by its economic/industrial capability, foreign government ministries—such as those dealing with finance and trade—and major industrial sectors are increasingly look upon to play a more prominent role in their respective country's (economic) collection efforts. While a military rival steals documents for a state-of-the-art weapon or defense system, an economic competitor steals a U.S. company's proprietary business information or government trade strategies. Just as a foreign country's defense establishment is the main recipient of US defense-related information, foreign companies and commercially oriented government ministries are the main beneficiaries of US economic information. That aggregate losses that can mount as a result of such efforts can reach billions of dollars per year, constituting a serious national security concern.

According to Joseph Recci of the American Society for Industrial Security, "American corporations are losing billions of dollars each year in valuable technology and proprietary information to foreign espionage." In a recent survey of Fortune 500 companies, the society notes that the number of corporations reporting that they have been victims of economic espionage has grown by 260 percent since 1985. Peter Schweizer, in his 1994 study of state-sponsored economic espionage, "Friendly Spies," estimated that such espionage costs American business upwards of \$100 billion annually.

This alarming trend in foreign corporate and state-sponsored economic espionage will continue in coming years. Intelligence agencies in industrialized nations have found themselves with a lot of time on their hands since the end of the cold war, and the governments of these nations have come to see economic competition as the new central threat to their national security. In testimony before the Senate Select Intelligence Committee earlier this year, then acting Director of Central Intelligence Adm. William Studeman predicted, "the threat to U.S. economic interests will absolutely increase as foreign governments attempt to ensure the success of their companies."

A few examples of actual cases should illustrate how pervasive the problem has become:

Pierre Marion, the former head of the French intelligence agency, the DGSE, has admitted that up to 15 hotel rooms of foreign business executives are broken into in Paris every day by DGSE agents. Proprietary papers are copied, and this information is then passed on to French companies to give them an edge in competition and negotiation.

Japanese, Korean, and German intelligence agents and corporations have

been known to recruit as spies midlevel managers and scientists at American high-technology corporations. In exchange for money, these Americans have provided the foreign agents with valuable trade secrets and formulas, destroying American companies' market leadership.

The foreign offices of American corporations are often subjected to wiretaps on their phones and infiltration of their foreign national staff by agents of the host country's intelligence service. American competitiveness, profits, and jobs are the cost.

I refer my colleagues to a statement I made on March 10, 1994—140 S 2731-38—for further examples of the foreign corporate and state-sponsored economic espionage that American firms face.

The United States has taken some steps to counter this pervasive problem, but action has been neither strong enough nor smart enough to make a real dent in foreign corporate and state-sponsored economic espionage in the United States and against Americans abroad. Admiral Studeman testified in January, "the private sector's concerns about increasing signs of 'economic espionage' * * * are well founded. Despite the continuing necessity to protect sensitive sources and methods, more can and must be done against state-sponsored economic espionage." As the President's report delicately puts it: "efforts across the government to investigate and counter economic and industrial intelligence collection activities were fragmented and uncoordinated * * * resulting in many partially informed decisions and diverging collection and analytical efforts." U.S. efforts, in plain English, are chaotic and largely ineffective, which is why I wrote last year's legislation requiring the President to report not only on the threat but also on how the Federal Government is organized to counter the threat and what changes in Federal organization and law could improve that effort.

In the closing days of the Bush administration, the Justice Department confirmed to me that legislation was required to improve law enforcement officials' ability to investigate and prosecute foreign industrial espionage. But it was not until this past year that Federal officials, after consulting with industry representatives, were able to identify for me specific legislative changes to accomplish this objective, and we have spent several months refining bill language.

I rise today, Mr. President, to offer the product of these efforts, the Economic Espionage and Protection of Proprietary Economic Information Act of 1995.

The act is designed to counter this threat by creating a criminal offense for engaging in foreign corporate or state-sponsored economic espionage. The bill also clarifies existing provisions of criminal statutes relating to stolen property and racketeering to

make clear that they apply to foreign corporate and state-sponsored economic espionage. Finally, the bill punishes individuals and/or corporations found guilty of practicing foreign-sponsored economic espionage by fining them and banning them from import-export activity in the United States for 5 years following their conviction.

This bill has been carefully crafted in coordination with Federal law enforcement authorities and industry representatives. In establishing this criminal offense, the bill provides for those officials ordering the espionage to be held liable, as well as those who commit the act. It provides for forfeiture of any proceeds of and assets used in such espionage in accordance with the provisions of the Comprehensive Drug Abuse Prevention and Control Act of 1970. These provisions would apply to espionage committed outside the United States if committed by a U.S. citizen or if committed against an American and resulting in an affect in the United States. Finally, the bill would allow a court to take appropriate measures to ensure that protection of proprietary information during the prosecution of economic espionage cases.

Mr. President, it is imperative that the United States send a clear message to individuals and foreign governments and corporations—both our friends and our foes—that this country does not accept international corporate and state-sponsored economic espionage as a legitimate business practice. We must demonstrate our resolve to combat this unfair economic practice, regardless of who engages in it.

The free market system has been the source of America's prosperity and her world economic might. I ask you all to join me in supporting this legislation to fight a practice which is polluting the international free market and robbing our Nation's firms and workers of the success that their technological innovation and marketing know-how has earned them.

In a report entitled "Economic Espionage: a Threat to U.S. Industry," the GAO stated the situation clearly: "The loss of proprietary information and technology through espionage activity will have broadening detrimental consequences to both U.S. economic viability and our national security interests."

I urge my colleagues to support the Economic Espionage Act to send a message to nations around the world that America will not tolerate unjust practices in international trade and the subverting of American firms' ability to compete fairly in the world marketplace.

By Mr. JOHNSTON:

S. 1526. A bill to provide for retail competition among electric energy suppliers, to provide for recovery of standard costs attributable to an open access electricity market, and for other purposes; to the Committee on Energy and Natural Resources.

THE ELECTRICITY COMPETITION ACT OF 1996

Mr. JOHNSTON. Mr. President, I am pleased today to introduce the Electricity Competition Act of 1996. This bill is intended to establish a framework for the transition of the electric industry from a regulated industry to a competitive, and deregulated, industry. Where markets are competitive, society should be saved the costs of unneeded regulation. America's electric system is the most technologically advanced and operationally safe electric system in the world. There is no doubt today that electric service can be supplied to all consumers—even retail consumers—in a fully competitive market.

Our goal then, should be to ensure that electricity markets will become competitive so that regulation will be unnecessary. Our goal must be to ensure price competition for electricity, which will create savings, efficiencies, and innovation.

This is not pie-in-the-sky economic theory. This bill will mean real savings for real people. For American families in the lowest 20-percent income bracket, a household's total utility bills are about equal to the total of mortgage/rent payments, taxes, and maintenance costs. Utility bills take slightly less of a middle-class family's disposable income, but the fact remains—a decrease in the average electric bill for the majority of middle-class Americans could achieve even greater benefits than a middle-class tax cut, without the drain on revenue which a tax cut would mean. We have the potential to gain these benefits, and we must seize this opportunity to do so.

There are six main elements of this legislation:

First, retail access. It's essential to clarify that the States are not preempted from ordering retail access. This clarification will enable the States to go forward with retail access programs without the fear of Federal preemption. Overlooking this clarification will bring years of litigation, impeding American consumers from receiving the benefits of lower electricity prices.

Second, stranded costs. When this industry moves from regulation to competition, there will be created what industry insiders refer to as "stranded costs." This means the high costs of serving all customers under the old regulatory system, which cannot be recovered in a competitive market.

It is true that similar predicaments faced firms in other once regulated markets—railroads, airlines, natural gas, and telecommunications, for instance. But the electric utility industry is completely unique, and therefore, we must account for this difference.

First, the electric industry transition cannot take the same course as deregulatory efforts in other industries due to the staggering capital requirements necessary to generate electricity. The electric industry is the most capital intensive industry by far. The Edison

Electric Institute [EEI] estimates that for every dollar of electricity revenue, on average, \$3.03 of capital assets is required. This is almost twice the amount of capital necessary for the next highest industry—mining, \$1.74 and, three times higher than the communications industry—\$1.09. Moodys Investors Service estimates that 87 of the largest investor owned utilities could lose \$135 billion in stranded investment in the next 10 years. This is more than 80 percent of the total equity of these companies. Make no mistake about it. If we force the utilities to eat stranded costs, we will have a bankrupt industry.

Second, the vast majority of potential stranded costs—nuclear generation and alternative energy contracts under the Public Utility Regulatory Policies Act of 1978 [PURPA]—are the direct result of past Government energy policies. One analyst estimates that stranded cost potential for the nuclear industry is about \$70 billion. This is just under two-thirds of the book value of the Nation's 108 nuclear operating plants. In addition, EEI estimates that PURPA contracts have committed utilities to pay at least \$38 billion above market prices. Cambridge Energy Research Associates has estimated that standard costs attributable to PURPA in California alone are between \$6.6 billion and \$10.8 billion.

The old regulatory compact almost guaranteed recovery of the costs of Government energy policies. With competition, however, the market—not regulators—determines cost recovery. It is simply unfair to leave utilities holding the bag for the energy policies of the past.

It is clear that we need a healthy utility industry. One analyst surveying utility executives found that 50 percent of them believed that utility bankruptcies would increase in the near future. Under competition there will remain a very important role for utilities to serve core customers, including poor and rural customers. Many customers will want to stay with a traditional company, or will not shop for their electricity. Also, the market is best served by having many different players compete, including utilities. Because of the important role these companies play, the public interest is not served if utilities go bankrupt.

The final reason for stranded cost recovery is the legitimate expectation of investors. Utility investors stand to lose billions of dollars if stranded costs are not recovered. Who are these investors? Not Wall Street sharks—they are ordinary citizens who considered utility stocks to be a safe investment. According to an EEI survey of shareholder demographics, the majority of utility investors are of retirement age, or are approaching retirement age. The economic effect on these investors of stranded cost losses must not be forgotten.

We must encourage utilities to embrace competition. To do this, we must

ensure that all costs incurred under the old regulatory compact are fully recovered in the transition to competition. Competition in this industry must be on a level playing field.

Recovery of all stranded costs is imperative. The Federal Energy Regulatory Commission has taken the lead on wholesale stranded cost recovery, and has done a great job. I believe FERC has the authority to also permit recovery of retail stranded costs, but it is essential that we clarify this authority through legislation. It is important to mandate that FERC ensure recovery of legitimate, prudent and verifiable retail stranded costs—only to the extent those costs slip through the cracks at the retail level. I would note that the Nuclear Regulatory Commission, which is primarily a licensing commission, certainly does not have the authority to require recovery of nuclear investments or nuclear decommissioning costs.

In short, if we do not enact legislation ensuring stranded cost recovery, most utilities will be reluctant to embrace competition. If we do not enact legislation, the transition to competition and lower electricity prices will be slower. If we do not enact legislation, corporate risk becomes unmanageable, and bankruptcies may occur. This is not in the public interest.

The third aspect of the bill is shared Federal and State responsibility. This bill respects the historical jurisdictional divide over the electric industry. The bill gives States the opportunity to structure their retail markets with programs suited to their local situations. Yet, the bill still holds State programs to one key Federal benchmark: competition. This gives a broad Federal policy ensuring competition, but leaves implementation to the States.

This bill would require States to begin proceedings to examine their local markets. States have three choices.

No. 1: set up a competitive wholesale procurement market.

No. 2: establish a program of retail access for all consumers; or

No. 3: devise their own program, as long as it ensures no self dealing and no unfair subsidies to alternative energy generators.

Utilities who aren't regulated by FERC or State PUC's would be required to make similar decisions. Also, States which are already in the process of moving forward with their own competitive programs would not have to start all over again.

The bill establishes a balanced framework. The Federal/State jurisdiction issue is a fine line to walk. Some will say the States should be given unfettered authority. Others will say that competition cannot wait, and that a federally mandated competitive market cannot come soon enough. In my view, a balanced policy which respects traditional federalism is the best policy.

Fourth, we have to establish a timetable for the transition to competition. We need a date certain when retail access will be the law of the land, although that may be some years down the road. A definite timetable for restructuring would remove this uncertainty. The timetable in the bill—2010—recognizes the need for the States to implement their own competition programs, and for the industry to get comfortable with retail competition.

Fifth, we must have a level playing field, and this means PURPA reform and repeal of the Public Utility Holding Company Act.

The bill provides for prospective PURPA reform. Utilities relied on the old regulatory system, and their legitimate expectations of recovery should be respected. The same is true for the contractual expectations of non-utility generators. Reform of PURPA is therefore appropriate on a prospective basis.

I believe PUHCA repeal is also essential even though it is not a part of this bill. I am the cosponsor of a bill with Senator D'AMATO and others which is currently before the Senate Banking Committee. The goal of that legislation is to put all electric utility companies on a level playing field, and to remove regulatory barriers which are no longer appropriate. I believe PUHCA repeal, with certain consumer protections, can go forward on a stand alone basis, but must be a part of comprehensive restructuring.

Sixth, the bill ensures nuclear decommissioning cost recovery, which is essential for the protection of public health and safety. Nuclear decommissioning costs are an extremely large percentage of many utilities' embedded costs. Several utilities have estimated their decommissioning liability to be in the billions of dollars. The law of the land should be that all nuclear decommissioning costs are recoverable. Moreover, no nuclear licensee should be able to avoid decommissioning liability.

This Nation cannot afford to miss this opportunity. This legislation is needed to avoid a patchwork of state policies, to bring competition to consumers on a rational timetable, and to standardize stranded cost recovery. It is essential that we make this commitment now, and set competition in motion. Every year, every month, every day that we lose debating the fine points of this transition means a loss of prosperity for this Nation. We are now fighting tooth and nail in a global economy where every dollar counts. Accordingly, this legislation is essential.

We all know that competition and deregulation have lowered prices in the national economy. What may not be so apparent is the huge ripple effect which lower electricity prices will create America. Consider these figures:

Some 90 percent of the U.S. gross domestic product is produced by the residential, commercial and industrial sectors. These sectors use 99.9 percent of

the Nation's electricity, and yet account for only 34 percent of the Nation's oil consumption. The other 10 percent of the Nation's GDP—transportation—uses 66 percent of the Nation's oil. In many ways, electricity is overwhelmingly more important to America's economy than oil.

America recently spent \$262 billion on electricity in 1 year. The data suggest that electricity consumption is almost three times the amount spent on the next highest commodity, natural gas. Also, electricity consumption is almost four times the amount spent on unleaded gasoline.

In addition, the economy has become increasingly dependent on electricity. Between 1973 and 1993 the U.S. industrial sector grew 70 percent. Industrial electricity use increased 45 percent during that time period, while combustible fuel use declined 12 percent.

This trend is expected to continue. The Energy Information Administration estimates that by the year 2010, 60 percent of all industrial, commercial, and residential fuel use will be consumed by utilities to generate electricity in order to meet electricity demand. In contrast, in 1973, only about 30 percent of all fuel use for these purposes went to generate electricity.

As these statistics demonstrate, changes in electricity prices have profound economic consequences. Lower electricity prices mean more jobs, more economic output, and more personal income. States with the lowest electricity prices are the most likely to attract new businesses and jobs.

The benefits of lowering electricity prices are staggering. Technological changes have enabled new generators to produce electricity at a price between 3 and 5 cent/kWh. However, costs in some regions of the Nation are anywhere between 9 and 15 cents/kWh. That's at least a factor of two, and at the most, a factor of five between regional delivered electricity prices. Considering that electricity makes up about 30 percent of production costs for steel manufacturing, to give an example, you can see that lower electricity prices will have a significant impact.

From this point forward, competition must be the electric industry standard. This bill will accomplish that goal.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1526

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

SECTION. 1. SHORT TITLE.

This Act may be cited as the "Electricity Competition Act of 1996."

SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) The term "affiliate" means, with respect to a person, any other person that controls, is controlled by, or is under common control with such person.

(2) The term "Commission" means the Federal Energy Regulatory Commission.

(3) The term "electric consumer" has the meaning given the term in section 3(5) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602(5)).

(4) The term "electric utility" has the meaning given the term in section 3(4) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602(4)).

(5) The term "Federal agency" has the meaning given the term in section 3(7) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602(7)).

(6) The term "new contract electricity" means electric energy or capacity which is sought to be procured from a party other than the purchaser for a period exceeding 60 days.

(7) The term "new generating source" means electric generating capacity requirements, planned to be acquired by construction, which cannot be met from existing resources or entitlements, and which may be met through procurement of electric capacity.

(8) The term "new renewable electric generation" means electric generation from solar, wind, waste, biomass, hydroelectric or geothermal resources constructed after the enactment of this Act.

(9) The term "nonregulated retail electric utility" means any retail electric utility other than a State regulated retail electric utility.

(10) The term "person" has the meaning given the term in section 3(4) of the Federal Power Act (16 U.S.C. 796(4)).

(11) The term "qualifying cogeneration facility" has the meaning given the term in section 3(18)(B) of the Federal Power Act (16 U.S.C. 796(18)(B)).

(12) The term "qualifying cogenerator" has the meaning given the term in section 3(18)(C) of the Federal Power Act (16 U.S.C. 796(17)(D)).

(13) The term "qualifying small power producer" has the meaning given the term in section 3(17)(D) of the Federal Power Act (16 U.S.C. 796(17)(D)).

(15) The term "retail electric utility" means any person, State agency, or Federal agency which makes retail sales of electric energy to the public or distributes such energy to the public.

(16) The term "State" means a State admitted to the Union or the District of Columbia.

(17) The term "State agency" has the meaning given the term in section 3(16) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602(16)).

(18) The term "State regulated retail electric utility" means any retail electric utility with respect to which a State regulatory authority has ratemaking authority.

(19) The term "State regulatory authority" means any State agency which has rate-making authority with respect to the rates of any retail electric utility (other than such State agency), and in the case of a retail electric utility with respect to which the Tennessee Valley Authority has ratemaking authority, such term means the Tennessee Valley Authority.

(20) The term "unbundled local distribution services" means local distribution services which are offered by the seller of such services without the requirement that the purchaser of such local distribution services also purchase electric energy as a condition of the purchase of such local distribution services.

SEC. 3. PURPA REFORM.

(a) DEFINITION.—For purposes of this section the term "facility" means a facility for the generation of electric energy or an addition to or expansion of the generating capacity of such a facility.

(b) FACILITIES.—Section 210 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 824a-3) shall not apply to any facility which begins commercial operation after the effective date of this Act, except a facility for which a power purchase contract entered into under such section was in effect on the effective date of this Act.

(c) CONTRACTS.—After the effective date of this Act, no electric utility shall be required to enter into a new contract or obligation to purchase or sell electric energy pursuant to section 210 of the Public Utility Regulatory Policies Act of 1978.

(d) SAVINGS CLAUSE.—Notwithstanding subsections (b) and (c), nothing in this Act shall be construed:

(1) as granting authority to the Commission, a state regulatory authority, electric utility, or electric consumer, to reopen, force the renegotiation of, or interfere with the enforcement of power purchase contracts or arrangements in effect on the effective date of this Act between a qualifying small power producer and any electric utility or electric consumer, or any qualifying cogenerator and any electric utility or electric consumer; or

(2) to affect the rights and remedies of any party with respect to such a power purchase contract or arrangement, or any requirement in effect on the effective date of this Act to purchase or to sell electric energy from or to a qualifying small power production facility or qualifying cogeneration facility.

SEC. 4. COMPETITIVE ELECTRICITY PROCEEDINGS.

(a) STATE REGULATORY AUTHORITIES.—

(1) COMPETITIVE OPTIONS.—Not later than six months after the date of enactment of this Act, each state regulatory authority not exempted from this section by section 7 shall initiate proceedings applicable to all state regulated retail electric utilities in the State to examine and consider—

(A) requirements which establish competitive electricity procurement markets that meet the minimum requirements of section 5 of this Act;

(B) a retail access plan which requires all state regulated retail electric utilities in the State to provide nondiscriminatory and unbundled local distribution services to all electric consumers of such state regulated retail electric utilities, in order that such electric consumers may choose among competing electric energy suppliers by January 1, 2002; and

(C) an alternative plan which meets the minimum requirements of section 6.

(2) CRITERIA.—In selecting among competitive options under paragraph (1), each state regulatory authority not exempted from this section by section 7 shall determine which option best serves the public interest, considering reliability, terms of service, and price.

(3) DECISION AND IMPLEMENTATION.—Not later than 18 months after the date of enactment of this Act, each state regulatory authority not exempted from this section by section 7 shall—

(A) select a competitive option provided for in paragraph (1) based on the proceedings required under this subsection; and

(B) render a decision by rule or order adopting such competitive option; and

(C) begin implementation of such competitive option not later than 60 days after rendering such a decision.

(b) NONREGULATED RETAIL ELECTRIC UTILITIES.—

(1) COMPETITIVE OPTIONS.—Not later than six months after the date of enactment of this Act, each nonregulated retail electric utility not exempted from this section by section 7 shall examine and consider, or

where applicable, initiate proceedings to examine and consider—

(A) procedures for the acquisition of new contract electricity and new generating sources by such nonregulated retail electric utility which meet the minimum requirements of section 5;

(B) a retail access plan which provides nondiscriminatory and unbundled local distribution services to all electric consumers of such nonregulated retail electric utility, in order that such electric consumers may choose among competing electric energy suppliers by January 1, 2002; and

(C) an alternative plan which meets the minimum requirements of section 6.

(2) **CRITERIA.**—In selecting a competitive option under paragraph (1), each nonregulated retail electric utility not exempted from this section by section 7 shall determine which option best serves the public interest, considering reliability, terms of service, and price.

(3) **DECISION AND IMPLEMENTATION.**—Not later than 18 months after the date of enactment of this Act each nonregulated retail electric utility not exempted from this section by section 7 shall—

(A) select a competitive option provided for in paragraph (1) based on the examination and consideration required under this subsection;

(B) provide public notice of such selection; and

(C) begin implementation of such competitive option not later than 60 days after providing such notice.

SEC. 5. PROCUREMENT MARKETS.

(a) **APPLICABILITY.**—

(1) Requirements or procedures to be established by a state regulatory authority or nonregulated retail electric utility pursuant to this section may apply to all or part of the new contract electricity and new generating sources to be procured by state regulated retail electric utilities within the State or, in the case of a nonregulated retail electric utility, to all or part of the new contract electricity and new generating sources to be procured by such nonregulated retail electric utility.

(2) If a state regulatory authority or nonregulated retail electric utility establishes requirements or procedures pursuant to this section that apply to only a part of the new contract electricity and new generating capacity to be procured by state regulated retail electric utilities within the state or, in the case of a nonregulated retail electric utility, to only a part of the new contract electricity and new generating sources to be procured by such nonregulated retail electric utility, such state regulatory authority or nonregulated retail electric utility must ensure that any other method of procuring new contract electricity and new generating sources meets the requirements for an alternative plan pursuant to section 6.

(b) **MINIMUM REQUIREMENTS.**—Requirements or procedures to be established by a state regulatory authority or nonregulated retail electric utility pursuant to this section shall, at a minimum—

(1) apply to all or part of the new contract electricity or new generating sources to be procured by the state regulated retail electric utilities within the State after the effective date of requirements adopted pursuant to section 4(a)(1)(A), or in the case of a nonregulated retail electric utility, to all or part of the new contract electricity or new generating sources to be procured by such nonregulated retail electric utility after the effective date of procedures adopted pursuant to section 4(b)(1)(A);

(2) provide for public notice, by electronic bulletin board, electronic trading system, or

otherwise, of the purchaser's offer to acquire new contract electricity or new generating sources;

(3) provide an appropriate and reasonable time for interested suppliers to respond to the notice of the purchaser's offer to acquire, by electronic bulletin board, electronic trading system, or otherwise, considering the size and complexity of the offer to acquire;

(4) provide that no source or supplier of new contract electricity and new generating sources is excluded from competing to supply such new contract electricity or new generating source;

(5) provide that the purchaser is not excluded from supplying new electric generating capacity to itself, and that any affiliate of the purchaser is not excluded from supplying new contract electricity or new electric generating capacity to the purchaser;

(6) provide selection of the lowest cost supplier that otherwise meets the terms and conditions of the offer, consistent with reliability; and

(7) permit the purchaser to rescind or modify the offer at any time prior to the execution of a contract to supply electric energy.

SEC. 6. ALTERNATIVE PLANS.

(a) **STATE REGULATORY AUTHORITIES.**—

(1) Any alternative plan adopted by a state regulatory authority must ensure that any state regulated retail electric utility within the state may not unduly discriminate in favor of its own sources of generation supply, or in favor of its affiliate's sources of generation supply, or engage in other forms of self dealing that could result in above market prices to consumers; and

(2) Notwithstanding section 10, any alternative plan adopted by a state regulatory authority shall ensure that any above market costs of new renewable electric generation are allocated on a non-discriminatory basis to all electric consumers of all state regulated retail electric utilities within the State, in order that no such electric consumer or class of such electric consumers is required, without its express consent, to subsidize the costs of such new renewable electric generation to the advantage of any other such electric consumer or class of such electric consumers.

(b) **NONREGULATED RETAIL ELECTRIC UTILITIES.**—Any alternative plan adopted by a nonregulated retail electric utility must ensure that such nonregulated retail electric utility does not unduly discriminate in favor of its own sources of generation supply, or engage in other forms of self dealing that could result in above market prices to consumers.

SEC. 7. EXEMPTIONS.

(a) **STATE REGULATORY AUTHORITIES.**—A state regulatory authority shall be exempt from the requirements of section 4(a) if such state regulatory authority, as of the date of enactment of this Act—

(1) has adopted requirements which establish competitive electricity procurement markets that meet the minimum requirements of section 5 of this Act; or

(2) has adopted a retail access plan which requires all state regulated retail electric utilities in the State to provide nondiscriminatory and unbundled local distribution services to all electric consumers of such regulated retail electric utilities, in order that such electric consumers may choose among competing electric energy suppliers by January 1, 2004.

(b) **NONREGULATED RETAIL ELECTRIC UTILITIES.**—A nonregulated retail electric utility shall be exempt from the requirements of section 4(b) if such nonregulated retail electric utility, as of the date of enactment of this Act—

(1) has adopted procedures for its acquisition of new contract electricity and new gen-

erating sources which meet the minimum requirements of section 5; or

(2) has adopted a retail access plan which provides nondiscriminatory and unbundled local distribution services to all electric consumers of such nonregulated retail electric utility, in order that such electric consumers may choose among competing electric energy suppliers by January 1, 2004.

(c) **CERTIFICATION.**—If a State regulatory authority or nonregulated retail electric utility intends to attain exempt status under this section, it shall certify its intention by public notice no later than six months after the enactment of this Act. Such notice shall specify the grounds upon which the exemption is asserted. The notice shall constitute a final decision of the state regulatory authority or nonregulated retail electric utility for purposes of section 9.

(d) **VOLUNTARY RETAIL ACCESS.**—Any state regulated retail electric utility shall be exempt from any requirement imposed under sections 4, 5, or 6(a)(1) if such state regulated retail electric utility has filed a tariff for nondiscriminatory and unbundled local distribution services, approved by its state regulatory authority, which provides such local distribution services to all electric consumers of such state regulated retail electric utility, in order that such electric consumers may choose among competing electric energy suppliers.

SEC. 8. MANDATORY RETAIL ACCESS.

(a) **EFFECTIVE DATE.**—Beginning on January 1, 2010, no retail electric utility shall prohibit any electric consumer from purchasing nondiscriminatory and unbundled local distribution service or otherwise prohibit such electric consumers from choosing among competing electric energy suppliers.

(b) **ENFORCEMENT.**—If a State, state regulatory authority, or retail electric utility fails to comply with the requirements of this section, any aggrieved person may bring an action against such person or persons to enforce the requirements of this section in the appropriate federal district court, which court may grant appropriate relief.

SEC. 9. REVIEW AND ENFORCEMENT.

(a) **STATE AUTHORITY.**—Notwithstanding any other provision of this section, neither the Commission nor any court of the United States shall have jurisdiction to review the selection by a state regulatory authority or a nonregulated electric utility of a competitive option that meets the requirements of sections 4(a)(1)(B), 4(b)(1)(B), 5, and 6. Appeal from such a decision may be taken in accordance with applicable state law.

(b) **COMMISSION REVIEW.**—(1) Any person aggrieved by—

(A) a final order of a state regulatory authority or a nonregulated retail electric utility under section 4 or 7, or

(B) the failure of a state regulatory authority or nonregulated retail electric utility to initiate a proceeding or render a final decision in accordance with section 4 or 7—may petition the Commission to enforce the requirements of sections 4(a)(1)(B), 4(b)(1)(B), 5, and 6.

(2) In any proceeding under this section, the Commission may:

(A) determine—

(i) whether the requirements or plan adopted by a state regulatory authority or nonregulated retail electric utility under sections 4(a)(1)(B), 4(b)(1)(B), 5, and 6 complies with the requirements of this Act, or

(ii) whether any action taken by the state regulatory authority or nonregulated retail electric utility to implement the requirements or plan complies with the requirements of this Act; and

(B) grant appropriate relief.

(c) **REHEARING AND APPEAL.**—Section 313 of the Federal Power Act shall apply to orders

of the Commission issued pursuant to this section.

SEC. 10. RENEWABLE ELECTRIC GENERATION.

Except as provided in subsection 6(a)(2), nothing in this Act shall be construed to prohibit:

(1) a State from encouraging the production of renewable electric generation under applicable State law; or

(2) the voluntary purchase of renewable electric generation by any electric utility or electric consumer.

SEC. 11. AMENDMENTS TO FEDERAL POWER ACT.

(a) **TRANSMISSION ACCESS.**—Section 212(h) of the Federal Power Act (16 U.S.C. 824k(h)) is amended by striking the following:

"Nothing in this subsection shall affect any authority of any State or local government under State law concerning the transmission of electric energy directly to an ultimate consumer."

and inserting in lieu thereof:

"Notwithstanding the other provisions of this subsection, the Commission may order, or condition orders upon, the transmission of electric energy to an ultimate consumer if the delivery of such electric energy would be accomplished through the provision of unbundled local distribution services under sections 4(a)(1)(B), 4(b)(1)(B), 7(a)(2) or 7(d) of the Electricity Competition Act of 1996."

(b) **RETAIL ACCESS AND STRANDED COSTS.**—The Federal Power Act is amended further by adding the following new sections after section 214.

"SEC. 215. STATE AUTHORITY TO ORDER RETAIL ACCESS.

"Nothing in this Act shall preclude a state regulatory authority, acting under authority of state law, from requiring an electric utility to provide local distribution service to any electric consumer.

"SEC. 216. AUTHORITY TO PROVIDE FOR STRANDED COSTS.

"(a) **DEFINITIONS.**—For purposes of this section—

"(1) the term 'utility' shall include any public utility, transmitting utility or electric utility;

"(2) the term 'stranded cost' shall be defined by the Commission, and shall include any legitimate, prudently incurred and verifiable cost previously incurred by a utility in order to provide service to an electric consumer, which cost:

(A) is not being, and except as provided in this section would not otherwise be, recovered in rates; and

(B) the utility has made reasonable attempts to mitigate.

"(b) **AUTHORITY.**—Notwithstanding any other provision of law, in determining or fixing rates, charges, terms and conditions under sections 205 and 206 of this Part, the Commission shall provide for the recovery of all stranded costs incurred by any utility transmitting or distributing electric energy not sold by such utility or any of its affiliates (which electric energy is sold to a customer and serves load of such customer previously served in whole or in part by such utility), included costs incurred to serve such customer not fully recovered at the time such distribution or transmission service is undertaken.

"(c) **UNBUNDLED LOCAL DISTRIBUTION.**—In acting pursuant to subsection (b) when determining or fixing rates subject to its jurisdiction, the Commission shall permit the recovery of all stranded costs to the extent a State or State regulatory authority requiring the provision of unbundled local distribution service has not permitted the recovery of all such costs in rates or lacks the authority under State law to permit such recovery.

"(d) **LIMITATION.**—The Commission shall have authority to determine or fix rates or

charges under sections 205 and 206 for the provision of unbundled local distribution service by a utility solely as necessary to permit the recovery of stranded costs in accordance with this section.

"SEC. 217. RECIPROCITY.

"No retail electric utility or any affiliate of such utility may sell electric energy to or for the benefit of an ultimate consumer if the delivery of such electric energy will be accomplished through the provision of unbundled local distribution service under sections 4(a)(1)(B), 4(b)(1)(B), 7(a)(2), 7(b)(2) or 7(d) of the Electricity Competition Act of 1996."

SEC. 12. NUCLEAR DECOMMISSIONING COSTS.

To ensure safety with regard to the public health and safe decommissioning of nuclear generating units, the Commission, and all state regulatory authorities, shall authorize and ensure the recovery in rates subject to their respective jurisdictions, of all costs associated with federal and state requirements for the decommissioning of such nuclear generating units.

SEC. 13. AMENDMENTS TO BANKRUPTCY REFORM ACT.

Section 503(b) of the Bankruptcy Reform Act of 1978, 11 U.S.C. 503(b), is amended by adding at the end of the following new paragraph:

"(7) costs incurred in complying with Nuclear Regulatory Commission regulations or orders governing the decontamination and decommissioning of nuclear power reactors licensed under section 103 or 104b of the Atomic Energy Act of 1954, 42 U.S.C. 2133 and 2134(b), regardless of whether such costs are reduced to a fixed amount."

By Mr. GREGG:

S. 1527. A bill to amend the Internal Revenue Code of 1986 to treat recycling facilities as solid waste disposal facilities under the tax-exempt bond rules, and for other purposes; to the Committee on Finance.

THE ENVIRONMENTAL INFRASTRUCTURE FINANCING ACT OF 1996

• Mr. GREGG. Mr. President, I introduce the Environmental Infrastructure Financing Act of 1996. The bill will amend the Internal Revenue Code of 1986 to allow recycling facilities to be eligible for tax-exempt bond financing.

A continuing problem in the development of recycling efforts is the need for markets for the materials that are being collected. Processes exist for remanufacturing the recycled materials into new products, but they frequently require extensive capital investment.

An approach that is often attempted is the use of the Federal tax-exempt bond program, which does have a subcategory for solid waste projects. Solid waste recycling facilities should constitute a legitimate application of these funds; however, certain sections of the tax code define solid waste as being "material without value." With recycled materials now being traded as commodities they do, in fact, have value, making the facilities which might process them ineligible for tax-exempt financing. This definitional problem impedes the construction of recycling facilities and hurts the development of recycling materials markets.

My bill will correct this problem in the tax code and allow recycling facili-

ties to obtain tax-exempt financing. The Environmental Infrastructure Financing Act of 1996 will foster the further development of the recycling industry and promote increased recycling on the State and local level.●

By Mr. BRADLEY:

S. 1528. A bill to reform the financing of Senate campaigns, and for other purposes; to the Committee on Rules and Administration.

S.J. Res. 47. A joint resolution proposing an amendment to the Constitution to permit the Congress to limit contributions and expenditures in elections for Federal office; to the Committee on the Judiciary.

CAMPAIGN FINANCE REFORM LEGISLATION

Mr. BRADLEY. Mr. President, I rise to speak about the role of money in politics, and its consequences. I rise also to introducing a legislative proposal—a constitutional amendment and a bill—to free democracy from the power of money.

Mr. President, last fall a man approached me in New Jersey. He said, "Senator, I worked at this place, in one job, for 22 years. In that 22 years, three different companies owned the place. In not one of the three companies did I vest for a pension, because none of them owned the place long enough. So I am now retiring, after 22 years of working here, without a pension, at all."

A woman came up to me on my annual walk along the Jersey Shore and said, "six months ago, my husband lost his job. Two months ago, I lost my job. We have three children and now we have no health insurance. I went to our pediatrician and he said if the kids get sick, he'll take care of them but Senator, this is America, and you shouldn't have to have a friendly pediatrician in order to get health care for your kids."

In California, a white-collar worker named Ron Smith who lost his job at McDonnell-Douglas 2 years ago told a journalist how his sense that he was "starting to lose my grip" feeds into the divisiveness that is tearing our country apart: "I get angry, and a lot of anger is coming out," he said. "I'm blaming everyone, minorities, aliens coming across the border. I don't know how much truth there is to it. I mean, I don't think there are any planners and engineers coming across the border. [But] it hurts when you go to an interview and you know damn well you can do the job, and you know they are looking at you and thinking, 'Forget it.'"

In the last 7 years, 100,000 people lost their jobs with GE, 60,000 at IBM, 40,000 at Sears. The merger of Chase Manhattan with Chemical Bank will mean the loss of 12,000 jobs. And AT&T just announced that they will eliminate 40,000 more jobs, most of them this year.

My colleague Senator BIDEN recently told me that at the Hercules Corp.'s research center outside Wilmington, the downsizing has accelerated and become

brutal. When employees arrive at their office building on Monday morning, they know that they have been fired when they see a Pinkerton security man standing outside their office door. Usually he tells them that he's sorry and he knows they've worked hard for 22 years, but could they please have their desk cleaned out by noon—and if they don't mind, he'll stand at the door, because the company doesn't want to take the chance that the computer system will be sabotaged. On Mondays at the Hercules Center, no one carpools, because it is impossible to predict who will be going home at noon.

The heavy footsteps of downsizing, relocation, part-time jobs, temp jobs, middle age without health care and retirement without a pension may be near or still distant, but they are heard in every home. People are working harder for less. In 1973 the average production, nonsupervisory wage was \$315. In 1994 it was \$256. That's about 70 percent of workers. During the first 6 months of 1993, the Clinton administration announced that 1.3 million jobs had been created, to which a TWA machinist replied, "Yeah, my wife and I have four of them." And indeed, over half of the newly created jobs were part time.

For all but the fabulously wealthy, the idea that working hard can lead to a secure future, a chance to provide a better life for your children, and an adequate retirement is slipping away. I hear this fear everywhere: Among the urban working poor, in suburban living rooms, at factory gates, and among engineers with Ph.D.'s and 30 years of experience with large, still-profitable corporations.

The most painful part of it for me as someone who entered politics with a belief that government could make people's lives better and more secure, is that the political process seems deaf, almost willfully deaf, to the economic anxieties of nonwealthy Americans. Instead of using public power to balance the excesses of private power and enhance opportunity, too many politicians continue playing the proverbial fiddle while the lives of working people become more desperate.

Democrats and Republicans both march along the well-worn paths of symbolic politics, waving flags labeled "welfare," "crime," and "taxes" to divide Americans and win elections. Republicans cling to the illusion that government is the problem—even the enemy of freedom—and that less government and free markets will automatically relieve the fears of working Americans. Democrats cling to old programs, like worker retraining, without ever stopping to ask whether those programs are actually working to change lives for the better or whether jobs are available for the workers we're training.

The political process is paralyzed. Democracy is at a standstill. The budget stalemate is only the latest head-

line. The Federal Government has not been able to act decisively and with public consensus behind it in years. On health care, on taxes, on creating jobs, on reforming welfare, we have been at continual deadlock.

Democracy is paralyzed not just because politicians are needlessly partisan. The process is broken at a deeper level, and it won't be fixed by replacing one set of elected officials with another, any more than it was fixed in 1992 or 1994. Citizens believe that politicians are controlled: by special interests who give them money, by parties which crush their independence, by ambition for higher office that makes them hedge their position rather than call it like they really see it, and by pollsters who convince them that only the focus group phrases can guarantee them victory. Citizens affected by the choices we have to make about spending and regulation simply don't trust that the choice was made fairly or independently, or in some cases even democratically. They doubt that the facts will determine the result, much less the honest convictions of the politicians. Voters distrust government so deeply and so consistently that they are not willing to accept the results of virtually any decision made by this political process.

Tell people in my State of New Jersey as I did in 1989-90 that the Tax Reform Act of 1986 reduced their Federal taxes by \$1 billion a year and they don't believe you because their State and local tax increases offset the reduction. It's gotten to the point that I've had constituents call on the phone to ask how I voted on a particular bill. When my office tells them that the vote hasn't occurred yet, they don't believe you because a radio talk show host who hadn't done his homework said otherwise. For at least 6 years, since the repeal of the catastrophic care legislation in 1989, through the erosion of environmental laws, to the failure of health care reform and the backlash against the crime bill last year and the budget this year, every major step government has taken has been jeopardized by this mistrust, by a deep and widespread conviction that politicians are acting in their own individual interests rather than acting as honest representatives of the democratic will. There are several reasons for this phenomenon, but one of them is money.

Those who think it's just a matter of perception that politics is driven by money should consider the following facts:

In House-Senate negotiations over reform of telecommunications laws, which are still in progress, one large telephone company, Ameritech, appears to have won a special provision allowing it to build a monopoly in the burglar and fire alarm business, while its competitors are prohibited from entering that industry. Ameritech's PAC gave almost half a million dollars last year in 600 separate contributions to

hundreds of Members of Congress of both parties, primarily those on committees with jurisdiction over its industry.

Another company, Golden Rule Insurance, Inc., gives over \$900,000 in PAC money and soft money contributions to Members of Congress, and hundreds of thousands more to organizations affiliated with Speaker GINGRICH. In return, the company wins endorsement of medical savings accounts, an insurance product that only Golden Rule offers and which would cost the Treasury \$4 billion, as a centerpiece of the Republican Medicare reform.

Lobbyists for big corporate contributors sit in the offices of congressional leaders and write the legislation to repeal a century's worth of environmental protections.

New Members of the congressional majority, while billing themselves as reformers, collect on average more than \$60,000 from Washington-based political action committees in just the first 6 months in office, a year and a half before they seek reelection. Some take more than \$100,000 in their first days.

State legislatures, where most politicians get their start and which others treat as a modest, part-time contribution to citizenship, have been taken over by the same forces of money that captured Congress. State legislative races now routinely cost what congressional races used to cost. In New Jersey last year, State Senate candidates spent a record \$8 million on 80 races, most of which were not competitive contests. Illinois Assembly and Senate candidates raised \$49 million, \$2.4 million of it from out-of-State interests, such as gambling companies that seek licenses and new markets.

I have cited more examples involving the new Republican majority than Democrats not because they are uniquely corrupt, but because these incidents are more recent, and money apparently flows to the winners when power shifts. While these abuses are not new, the amounts involved and the level of conflict seem to multiply every few years, with this year's congressional freshmen taking twice as much money from PAC's right away than the freshmen who came to office in 1993. I saw one estimate that said that, in total, at all levels of government in 1996, nearly \$1 billion would be spent.

So the story becomes clear. Economic anxiety eats away at people who work in America. Government fails or refuses to respond. Voters develop a profound and unyielding mistrust of the legislative process. Legislators, including some of those posing as reformers, surrender their offices and their consciences to corporate lobbyists and big contributors with narrow interests to protect. Or, if they maintain their integrity, as many do, they still have to swim in dirty water which makes it even more difficult to stay clean. And amid biennial promises of change, nothing ever changes.

It's a story Americans have heard before. It's the story of the late 19th century, the era of the spoils system and recurrent scandal, when politics became hostage to the money power of Wall Street financiers, railroads, and industrialists, when each Senator was virtually the property of whichever magnate had engineered his appointment. It was a time when Washington was dominated by endless debates about the tariff—a dispute between wealthy financiers and wealthy manufacturers—quite willfully ignoring the economic plight of the vast majority of Americans who were farmers, miners, and factory workers, or women and African-Americans prohibited from voting. The theologian Walter Rauschenbusch wrote of that time that "In political life one can constantly see the cause of human life pleading long and vainly for redress, like the widow before the unjust judge. Then suddenly comes the voice of property, and all men stand with hat in hand."

Our Nation's history demonstrates that the conduct of democracy is not an abstraction. When politics becomes hostage to money, as it did in the late 19th century, and as it increasingly is today, people suffer. Neither economic opportunity nor economic security is given the place it deserves in our national ambitions. There is still a very tangible relationship between the level of opportunity and security available to every American family and the extent to which we can keep our democracy secure and separate from the force of money.

The late 19th century was the last time, until now, that America's prosperity failed to translate into higher wages and increased security for American workers. Teddy Roosevelt called the moneymen of politics, "the gloomy anticipations of our gold-ridden, capitalist-bestridden, userer-mastered future." But the path to a better 20th century rested on four progressive principles: Universal suffrage; direct election of Senators; initiative and referendum to give the people a direct check on policy; and campaign finance reform. Although Theodore Roosevelt proposed that "Congress provide an appropriation for the proper and legitimate expenses of each of the great national parties [and] no party receiving campaign funds should accept more than a fixed amount from any individual," only modest disclosure requirements were adopted at the time.

Until we had radically reformed our democracy, to take it away from the Goulds and Vanderbilts and give it back to the people, we could not become the kind of nation that protected seniors from abject poverty, that protected children from abuse, that respected the heritage of the land. But, over time, the failure to complete action on that last reform, on the role of money in politics, became a more glaring omission. As the television replaced the Grange hall, the saloon, or the town square as the central forum

for public debate, money became an ever more important factor in who ran for office and who was elected. Today we see people spend \$28 million to run for the Senate, a President raising \$44 million for a primary campaign that doesn't exist, and individuals contributing hundreds of thousands of dollars to campaigns by funneling them through the various State parties.

Many accomplished and capable people are right now considering whether to become candidates for the House and Senate. They should be asking themselves, "Can I work hard enough to do a good job?" or "Do I have new ideas that would benefit my constituents?" Instead, they are wondering "Can I find a thousand individuals and PAC's willing to give me almost a million dollars?" and "Is there an interest group willing to spend a lot of money to defeat my opponent?"

Money not only determines who is elected, it determines who runs for office. Ultimately, it determines what government accomplishes—or fails to accomplish. Under the current system, Congress, except in unusual moments, will inevitably listen to the 900,000 Americans who give \$200 or more to their campaigns ahead of the 259,600,000 who don't.

Real reform of democracy, reform as radical as those of the progressive era, and deep enough to get government moving again, must begin by completely breaking the connection between money and politics. It must eliminate all the interested money—that is, money with strings attached, from all congressional races.

We have to start by understanding what has happened to past efforts to free politics from the grip of money. Three profound misconceptions have led to the demise of every recent proposal to reform campaign finance.

The first misconception is constitutional. The Supreme Court in 1976, in the case of Buckley versus Valeo, held that a rich man's wallet is no different than a poor man's soapbox. Restrictions on total campaign spending, and on wealthy individuals using their own money to buy an office, were held to be equivalent to restrictions on free speech. Even reformers who found this logic absurd have felt it necessary to tiptoe around the Supreme Court, building elaborate contraptions of incentives and voluntary spending limits rather than risking the Court's wrath by simply declaring it illegal to buy a seat in the House or Senate, with your own money or someone else's. On something as crucial to democracy as the role of money in elections, a role that has destructively expanded every year I have been in the Senate, the Constitution is the place to fix the thwarting of the people's will.

The second misconception is similar, but runs deeper. It is rooted in a failure to understand that democracy and capitalism are separate parts of the American dream, and that keeping that dream alive depends on keeping one

from corrupting the other. Speaker GINGRICH, for example, has accused those who advocate spending limits of "nonsensical socialist analysis based on hatred of the free enterprise system." He has compared the \$600 million spent on congressional elections with the \$300 million spent to advertise three new antacids, and concluded that politics is underfunded. GINGRICH is not the only person who holds this view, but he makes the sharpest accusations. I would respond by saying that I have no hatred for the free enterprise system, but it is not the same as democracy. Market share is not political power. Democracy and civil society have a different ethic from the marketplace. Democracy requires calm and thoughtful deliberation, and a willingness to accept losing in a fair process, and civil society proceeds from a belief that giving without expectation of return is the highest human gift. Both ethics are much different from the frenetic quest for market share and profit.

The third misconception is that different sources of money in politics are more or less corrupting than others. When politicians write what they call campaign finance laws they try to protect their own sources of funding while cutting off those sources that primarily go to their opponents. Thus the endless hairsplitting between political action committees, individual contributors, personal wealth of candidates, soft money, and independent expenditures. Some proposals even draw distinctions among various types of political action committees, banning some and protecting others.

The result, Mr. President, has been legislative proposals that tiptoe around actually limiting spending on campaigns; that claim to reduce corruption but don't challenge the idea that money should decide elections; and that draw endless distinctions among different types of money. If any of these proposals became law, they would make very little difference. But the biggest problem with these tortured, hairsplitting, incremental approaches is that voters can't understand them. They don't see, just as I don't see, how these bills would actually fix what's wrong with democracy. As a result, there are no consequences for politicians who block these proposals, so that even incremental reforms never pass, even when they appear to have momentum.

To free our democracy from the power of money, I believe we have to start with two straightforward principles:

First, money is not speech. A rich man's wallet does not merit the same protection as a poor man's soapbox.

Second, all interested money in politics is potentially corrupting. Whether it comes from an individual, a PAC, or a candidate's own investments, it sometimes comes with strings attached, and limiting one source will only open up others. Money in politics

is like ants in the kitchen. You have to close every hole, or they will find a way in.

Today I want to present a specific legislative proposal that builds a realistic structure for a new era in American democracy around these basic principles.

I would start by amending the Constitution simply to clarify that political money is not speech. I will put forward an amendment that would give every State and the U.S. Congress explicit authority to limit spending in campaigns and contributions from any sources. Such an amendment, or a reconsideration by the Court of its decision in *Buckley*, would be an essential underpinning of any real reform.

I have supported few constitutional amendments during my time in public life, and I have been especially skeptical of those that sought to limit rights. However, I am convinced that this amendment would protect rights by strengthening democracy. It would not limit the first amendment, but would clarify that the right to buy an election is not a form of freedom of expression.

We should also consider the possibility that our current system of campaign finance is as deeply unconstitutional as any reform might be. Years ago the Court outlawed so-called white primaries, in which the white voters who controlled Democratic parties in southern States met to decide who their candidate would be. Today we have a wealth primary, where wealthy contributors determine who has the opportunity to run for office and who we have a chance to vote for. This amendment would eliminate the wealth primary and give every American an opportunity not only to run for office but to vote for who they want to.

With the constitutional misconception out of the way, I would start from scratch. This proposal would focus on Senate elections, but would provide a model for elections to the House, State legislatures, governorships, or even the handling of referenda. I would give the citizens of each State direct control over how much money would be spent in their State's elections. I would say to each taxpayer, in each State, you have an opportunity to give from \$1 to \$5,000 per year, but only to a campaign in your State. You would contribute it by adding it to your tax liability and sending the checks with your tax return. But you would be contributing to the election campaign, not to a candidate. All the money would go into a shared fund, and every Senate election year, on Labor Day, the candidates would take the fund and divide it equally among all qualified candidates—Republican, Democrat, or qualified independent.

Outside of the money from the common fund, Senate candidates could not raise or spend any money from PAC's, individual donors, the party, or their own pocketbooks to further their candidacy. If the voters and taxpayers con-

cluded that they liked the level of information and advertising they got from a \$20 million campaign—if they agreed with Speaker GINGRICH, in other words—they could choose that kind of election. If they wanted a cheaper election they could choose that option by their votes on the tax return.

To ensure that all candidates have an opportunity, an equal opportunity, to reach all voters, I would reclaim part of the public airwaves as a public forum. Every broadcast licensee, radio or television, would be required as a condition of licensing to provide 2 hours of free time to every candidate, 1 hour in prime time, in units of at least 1 minute. The airwaves are public property. They now offer the closest thing we have to a shared culture and a common forum for discussion of ideas. That forum should not be available only to the highest bidder. We have not only a right to insist that broadcasters provide that space, but a responsibility to ensure that the public's airspace is used in the interest of rebuilding democracy.

Who would be a qualified candidate, eligible to receive money from the common fund and broadcast time? Any party that had received 10 percent of the vote in the previous two Senate elections would automatically qualify once it selected a candidate. Independent candidates and new parties would be required to obtain signatures of 5 percent of all eligible voters in the State, but once they qualified, the candidates and their ideas would be treated equally. A candidate who refused to participate in at least one debate would be completely shut out—he could not participate in the shared fund or raise money separately.

Candidates seeking the nomination of a major party would not receive funds or broadcast time for the primary, and would be permitted to raise private funds. But they would be required to raise 100 percent of those funds in contributions of \$100 or less.

That's it. For the general election there would be no PAC's. No private contributions from wealthy individuals. No bundling of contributions from the executives of a company to evade PAC limits. No money from out of State. No candidates using their own funds. No refusal to debate. All the sources of potential corruption in the current system would be cut off. Speech would be protected; money would be restricted.

This proposal won't sound like anything we've heard before. It will take people a while to get used to it. Some people will worry that there won't be enough money for good campaigns. But if that is so and the people are less informed, that will be their choice. No longer will special interests control it. But keep in mind that TV and radio accounts for about 50 percent of the cost of campaigns. With free broadcast time, the money which will be cut, if voters choose a low-budget campaign, would be the money that candidates

spend on polling, consultants, gifts, and the rest. The process of providing information to voters would more than likely be protected, but then again, if it decreases, it will be the citizens' choice.

Other people will be offended at the idea of contributing to democracy, rather than to a candidate. Some people said to me, "I don't want my money to be shared with Senator HELMS?" or "Why should I contribute to Senator KENNEDY?" That's a fair concern. But as things now stand, an incumbent can raise as much as \$17 million, \$10 million more than even a well-funded opponent. Putting that incumbent and his or her opponents on a level playing field is far more important than the \$1,000 that any of us, as an individual, can give to either candidate in that race. If you have the strength of your convictions, there is no reason to fear a fair fight.

Others will say that the proposal helps incumbents, but incumbents have an even bigger financial advantage in the present system and they are defeated regularly. Besides, if doing your job well helps you get reelected, who can criticize it?

Finally, still others may note that I have supported public financing of campaigns in the past and this is not exactly public financing. Indeed, it is not public financing. It does not take taxpayer dollars and provide them to political campaigns. It is not public financing, but it is public control of elections. As long as voters mistrust politicians as they do, we're not going to get past the skepticism about public financing. We have to rebuild that trust first, and I think that giving voters control of campaigns is the way to do it.

I believe there is a deep hunger for this kind of reform. I have been very impressed by the energy of activists at the State level, who are using one breakthrough in democracy—the initiative and referendum—to break down the barriers to another, campaign finance reform. Never before have we seen so much grassroots activity on the issue of campaign finance reform. In 1994, ballot initiatives won in Missouri, Oregon, and Montana, as well as the District of Columbia in 1992. And, so far, we can expect in 1996 initiatives in Maine, California, and Alaska, Arkansas, and Colorado. Other States where groups are considering initiative drives include Wisconsin, Nebraska, South Dakota, and Illinois. The initiatives on the ballot this year are radical and serious. Whether they emphasize modest public financing or limiting contributions to \$100, they are big, uncompromised reforms that would go a long way toward freeing State legislatures from the grip of moneyed interests. I consider those State activists my partners in this reform proposal, and I believe they deserve to have a proposal on the table in Washington that is as radical, as serious, and as real as what people are talking about in the States.

Many politicians and academics may focus on what they see as the worst possible outcome of this proposal: that voters, given control, might choose to sharply cut back the amount of money available in campaigns. Indeed, they seem to be contributing less in the Presidential checkoff. But if that happens, the worst consequence would be a resurgence of door-to-door campaigning, of politicians listening instead of polling, and of campaigns led by candidates and their ideas rather than consultants and their focus-group-tested messages. In other words, the system would adjust in what could very well be a way that reinvigorates citizen participation. To argue against changing the status quo that everyone knows compromises democracy is a terribly pessimistic position. Now is the time to be bold.

At its best, however, I believe that giving voters control over campaigns will be enough to return democracy to the people, freeing it from the power of money. It could restore confidence and faith in the legitimacy of democratic decisionmaking, freeing both Congress and the Presidency from the cycle of gridlock, action, and backlash. Ultimately, it will free our democracy to do what it can do when it works well: use the power of government to build a structure of economic security and economic opportunity for all American families.

Mr. President, I ask unanimous consent that a summary of the proposal along with the text of both the constitutional amendment and the Senate Campaign Finance Reform Act be included in the RECORD.

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

S. 1528

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Senate Campaign Finance Reform Act of 1996".

SEC. 2. SENATE ELECTION CAMPAIGN FINANCING.

(a) AMENDMENT OF THE FEDERAL ELECTION CAMPAIGN ACT OF 1971.—The Federal Election Campaign Act of 1971 is amended by adding at the end the following new title:

"TITLE V—SENATE ELECTION CAMPAIGN FINANCING

"SEC. 501. SENATE CAMPAIGN FINANCING.

"No Senate candidate or authorized committee of a Senate candidate shall accept any contribution with respect to a general election or make any expenditures with respect to a general election except as provided in this title.

"SEC. 502. REQUIREMENTS FOR RECEIPT OF BENEFITS.

"(a) ELIGIBLE SENATE CANDIDATE.—For purposes of this title, a Senate candidate is an eligible Senate candidate if the candidate files a declaration with the Secretary of the Senate under penalty of perjury stating that—

"(1) the candidate agrees in writing to participate in at least 2 debates, sponsored by a nonpartisan or bipartisan organization, with all other candidates for that office who are receiving payments under this title;

"(2) the candidate and the candidate's authorized committees will not accept any contribution with respect to a general election or make any expenditure with respect to a general election except from funds provided under this title;

"(3) the candidate and the authorized committees of such candidate did not accept contributions, or make expenditures, for the primary or runoff election in excess of the limitations under subsection (b); and

"(4) the candidate and the authorized committees of such candidate—

"(A) will deposit all payments received under this title in an account insured by the Federal Deposit Insurance Corporation from which funds may be withdrawn by check or similar means of payment to third parties; and

"(B) will furnish campaign records, evidence of contributions, and other appropriate information to the Commission.

"(b) PRIMARY AND RUNOFF EXPENDITURE AND CONTRIBUTION LIMITATIONS.—The requirements of this subsection are met if—

"(1) the candidate and the candidate's authorized committees have not received contributions from any individual for the primary or runoff election which in the aggregate exceed \$100;

"(2) all contributions received by the candidate and the candidate's authorized committees are from individuals; and

"(3) the candidate and the candidate's authorized committees did not make expenditures for the primary or runoff election in excess of 50 percent of the total amount that will be available to all candidates in the State for the general election under section 504(b) (based on the State's estimate of the total amount made 30 days prior to the date of the primary or runoff election).

"(c) TIME FOR FILING.—The declaration under subsection (a) shall be filed not later than 7 days after the earlier of—

"(1) the date the candidate qualifies for the general election ballot under State law; or

"(2) if, under State law, a primary or runoff election to qualify for the general election ballot occurs after September 1, the date the candidate wins the primary or runoff election.

"SEC. 503. CERTIFICATION BY COMMISSION.

"(a) REQUEST.—Each eligible Senate candidate seeking to receive benefits under this title shall submit a request to the Commission, at such time and in such manner as the Commission may require in regulations, containing—

"(1) a copy of the declaration filed pursuant to section 502(a);

"(2) such additional information as the Commission may require in regulations; and

"(3) a verification signed by the candidate and the treasurer of the principal campaign committee of such candidate stating that the information furnished in support of the request is correct and fully satisfies the requirements of this title.

"(b) CERTIFICATION.—

"(1) ISSUANCE.—Not later than 48 hours after a Senate candidate files a request with the Commission to receive benefits under this title, the Commission shall—

"(A) issue a certification to each candidate who satisfies the requirements of section 502;

"(B) calculate the amount of payments to which such candidate is entitled pursuant to section 504; and

"(C) transmit notification of the certification to the Secretary of the Senate.

"(2) REVOCATION.—The Commission shall revoke such certification if the Commission determines a candidate fails to continue to satisfy the requirements of section 502.

"(c) DETERMINATIONS BY COMMISSION.—All determinations (including certifications

under subsection (b)) made by the Commission under this title shall be final and conclusive, except to the extent that they are subject to judicial review under section 505.

"SEC. 504. BENEFITS ELIGIBLE SENATE CANDIDATES ENTITLED TO RECEIVE.

"(a) USE OF FREE BROADCAST TIME.—

"(1) IN GENERAL.—Each eligible Senate candidate shall be entitled to free broadcast time as provided under section 315A of the Communications Act of 1934.

"(2) BROADCAST DURATION.—Free broadcast time shall be used in segments of not less than 1 minute.

"(b) GENERAL ELECTION CAMPAIGN FINANCING.—

"(1) AMOUNT OF PAYMENTS.—(A) Each eligible Senate candidate in a State shall receive a payment for the general election in an amount equal to the State share divided by the number of eligible Senate candidates in the State.

"(B) For purposes of this paragraph, the term 'State share' means, with respect to a State, the sum of—

"(i) 50 percent of the funds in the Senate Election Campaign Fund which are attributable to donations from taxpayers from such State and which remain in the fund after the last election for the office of United States Senator in that State, and interest allocable to such portion, plus

"(ii) 50 percent of the funds in the Senate Election Campaign Fund which are attributable to donations from taxpayers from such State after such election and before the 2d calendar year preceding the calendar year of the election, and interest allocable to such portion, plus

"(iii) 100 percent of the funds in the Senate Election Campaign Fund which are attributable to donations from taxpayers from such State during the 2 calendar years preceding the calendar year of the election, and interest allocable to such portion.

"(C) For purposes of this paragraph, donations made to the Senate Election Campaign Fund which are included with an income tax return for a taxable year under section 6097 of the Internal Revenue Code of 1986 shall be treated as made on the last day of the calendar year in which the taxable year ends.

"(2) FREE BROADCAST TIME.—Free broadcast time provided pursuant to subsection (a) shall not be used in calculating the amount a candidate is entitled to receive under this subsection.

"SEC. 505. JUDICIAL REVIEW.

"(a) JUDICIAL REVIEW.—Any agency action by the Commission made under this title shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court not later than 30 days after the agency action by the Commission for which review is sought. It shall be the duty of the Court of Appeals, ahead of all matters not filed under this title, to advance on the docket and expeditiously take action on all petitions filed pursuant to this title.

"(b) APPLICATION OF TITLE 5.—The provisions of chapter 7 of title 5, United States Code, shall apply to judicial review of any agency action by the Commission.

"(c) AGENCY ACTION.—For purposes of this section, the term 'agency action' has the meaning given such term by section 551(13) of title 5, United States Code.

"SEC. 506. PARTICIPATION BY COMMISSION IN JUDICIAL PROCEEDINGS.

"(a) APPEARANCES.—The Commission is authorized to appear in and defend against any action instituted under this section and under section 505 either by attorneys employed in its office or by counsel whom it may appoint without regard to the provisions of title 5, United States Code, governing appointments in the competitive service,

and whose compensation it may fix without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title.

"(b) INSTITUTION OF ACTIONS.—The Commission is authorized, through attorneys and counsel described in subsection (a), to institute actions in the district courts of the United States to seek recovery of any amounts determined under this title to be payable to the Secretary of the Treasury.

"(c) INJUNCTIVE RELIEF.—The Commission is authorized, through attorneys and counsel described in subsection (a), to petition the courts of the United States for such injunctive relief as is appropriate in order to implement any provision of this title.

"(d) APPEALS.—The Commission is authorized on behalf of the United States, to appeal from, and to petition the Supreme Court for certiorari to review of, judgments or decrees entered with respect to actions in which it appears pursuant to the authority provided in this section.

"SEC. 508. PAYMENTS RELATING TO CANDIDATES.

"(a) ESTABLISHMENT OF CAMPAIGN FUND.—

"(1) ESTABLISHMENT.—There is established on the books of the Treasury of the United States a special fund to be known as the 'Senate Election Campaign Fund'.

"(2) APPROPRIATIONS.—(A) There are appropriated to the Fund for each fiscal year, out of amounts in the general fund of the Treasury not otherwise appropriated, amounts equal to any contributions by persons which are specifically designated as being made to the Fund.

"(B) The Secretary of the Treasury shall, from time to time, transfer to the Fund an amount not in excess of the amounts described in subparagraph (A).

"(C) Amounts in the Fund shall remain available without fiscal year limitation.

"(3) AVAILABILITY OF FUNDS.—Amounts in the Fund shall be available only for the purposes of making payments required under this title.

"(4) ACCOUNTS.—The Secretary of the Treasury shall maintain such accounts in the Fund as may be required by this title or which the Secretary of the Treasury determines to be necessary to carry out this title.

"(b) PAYMENTS UPON CERTIFICATION.—Upon receipt of a certification from the Commission under section 503, the Secretary of the Treasury shall promptly pay the amount certified by the Commission to the candidate out of the Senate Election Campaign Fund.

"(c) MANAGEMENT OF FUND.—The provisions of section 9602 of the Internal Revenue Code of 1986 shall apply to the Senate Election Campaign Fund.

"SEC. 507. REPORTS TO CONGRESS; REGULATIONS.

"(a) REPORTS.—

"(1) REQUIREMENT.—The Commission shall, as soon as practicable after each election, submit a full report to the Senate setting forth—

"(A) the expenditures (shown in such detail as the Commission determines appropriate) made by each eligible Senate candidate and the authorized committees of such candidate;

"(B) the amounts certified by the Commission under section 503 as benefits available to each Senate candidate; and

"(C) the balance in the Senate Election Campaign Fund, and the balance in any account maintained by the Fund.

"(2) PRINTING.—Each report submitted pursuant to this section shall be printed as a Senate document.

"(b) RULES AND REGULATIONS.—The Commission is authorized to prescribe such rules and regulations, in accordance with the provisions of subsection (c), to conduct such examinations and investigations, and to re-

quire the keeping and submission of such books, records, and information, as it deems necessary to carry out the functions and duties imposed on it by this title.

"(c) STATEMENT TO SENATE.—Not later than 30 days before prescribing any rule or regulation under subsection (b), the Commission shall transmit to the Senate a statement setting forth the proposed rule or regulation and containing a detailed explanation and justification of such rule or regulation."

(b) PROVISIONS TO FACILITATE VOLUNTARY CONTRIBUTIONS TO SENATE ELECTION CAMPAIGN FUND.—

(1) GENERAL RULE.—Part VIII of subchapter A of chapter 61 of the Internal Revenue Code of 1986 (relating to returns and records) is amended by adding at the end the following:

"Subpart B—Designation of Additional Amounts to Senate Election Campaign Fund

"Sec. 6097. Designation of additional amounts.

"SEC. 6097. DESIGNATION OF ADDITIONAL AMOUNTS.

"(a) GENERAL RULE.—Every individual (other than a nonresident alien) who files an income tax return for any taxable year may designate an additional amount which is not less than \$1 and not more than \$5,000 to be paid over to the Senate Election Campaign Fund established under section 508 of the Federal Election Campaign Act of 1971.

"(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made for any taxable year only at the time of filing the income tax return for the taxable year. Such designation shall be made on the page bearing the taxpayer's signature.

"(c) TREATMENT OF ADDITIONAL AMOUNTS.—Any additional amount designated under subsection (a) for any taxable year shall, for all purposes of law, be treated as an additional income tax imposed by chapter 1 for such taxable year.

"(d) INCOME TAX RETURN.—For purposes of this section, the term 'income tax return' means the return of the tax imposed by chapter 1."

(2) CONFORMING AMENDMENTS.—(A) Part VIII of subchapter A of chapter 61 of such Code is amended by striking the heading and inserting:

"PART VIII—DESIGNATION OF AMOUNTS TO ELECTION CAMPAIGN FUNDS

"Subpart A. Presidential Election Campaign Fund.

"Subpart B. Designation of additional amounts to Senate Election Campaign Fund.

"Subpart A—Presidential Election Campaign Fund".

(B) The table of parts for subchapter A of chapter 61 of such Code is amended by striking the item relating to part VIII and inserting:

"Part VIII. Designation of amounts to election campaign funds."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1995.

(c) AMENDMENT OF COMMUNICATIONS ACT OF 1934.—Title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.) is amended by inserting after section 315 the following new section:

"FREE BROADCAST TIME FOR SENATE CANDIDATES

"SEC. 315A. (a)(1) Notwithstanding section 315, a licensee shall make available 2 hours of free broadcast time to each eligible Senate candidate (as defined in section 502 of the Federal Election Campaign Act of 1971) in each State within its broadcast area. The licensee shall make at least 1 hour of the free broadcast time available during a prime time access period.

"(2) A licensee shall make free broadcast time available pursuant to this section during the period beginning on the date that is 90 days before the date of a general election or special election for the Senate and ending on the day before the date of the election.

"(3) As used in this subsection, the term 'prime time access period' means the time between 7 p.m. and 10 p.m. of a weekday.

"(b) An appearance by a Senate candidate on a news or public service program at the invitation of a broadcasting station or other organization that presents such a program shall not be counted toward time made available pursuant to subsection (a).

"(c)(1) A licensee shall make available free broadcast time in accordance with this subsection to any eligible Senate candidate (as defined in section 502 of the Federal Election Campaign Act of 1971) in each State within its broadcast area if—

"(A) broadcast time was made available by the licensee and the payment for such time constituted an independent expenditure (as defined in section 301(17) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(17))); and

"(B) such independent expenditure was in opposition to, or on behalf of an opponent of, such eligible Senate candidate.

"(2) A person who reserves broadcast time the payment for which would constitute an independent expenditure within the meaning of section 301(17) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(17)) shall—

"(A) inform the licensee that payment for the broadcast time will constitute an independent expenditure; and

"(B) inform the licensee of the names of all candidates for the office to which the proposed broadcast relates.

"(3) Free broadcast time under this subsection shall be provided within a reasonable period of time after the broadcast time constituting the independent expenditure described in paragraph (1), and shall be for the same class and amount of time, and during the same period of the day, as such broadcast time."

SEC. 3. SOFT MONEY OF POLITICAL PARTIES.

(a) LIMITATIONS ON POLITICAL PARTY COMMITTEES.—Title III of the Federal Election Campaign Act of 1971 is amended by inserting at the end the following new section:

"POLITICAL PARTY COMMITTEES

"SEC. 324. (a) LIMITATIONS ON NATIONAL COMMITTEES.—(1) A national committee of a political party, including the congressional campaign committees of a political party, and any entity that is established, financed, maintained, or controlled by a national committee of a political party, including the national congressional campaign committees of a political party, and any officer or agents of such party committees or entity, shall not solicit or accept contributions or transfers not subject to the limitations, prohibitions, and reporting requirements of this Act.

"(2) Any amount solicited, received, expended, or disbursed directly or indirectly by a national, State, district, or local committee of a political party during a calendar year which might affect the outcome of a Federal election shall be subject to the limitations, prohibitions, and reporting requirements of this Act, including—

"(A) voter registration;

"(B) get-out-the-vote activity;

"(C) generic campaign activity; and

"(D) any communication that identifies a Federal candidate (regardless of whether a State or local candidate is also mentioned or identified).

"(b) STATE, DISTRICT, AND LOCAL COMMITTEES.—(1) Subsection (a) shall not apply to expenditures or disbursements made by a State, district, or local committee of a political party for—

"(A) a contribution to a candidate other than for Federal office, if such contribution is not designated or otherwise earmarked to pay for activities described in subsection (a)(2);

"(B) the costs of a State, district, or local political convention;

"(C) the non-Federal share of a State, district, or local party committee's administrative and overhead expenses (excluding the compensation in any month of any individual who spends more than 20 percent of his or her time on activity during such month which may affect the outcome of a Federal election), as determined under subsection (c);

"(D) the costs of grassroots campaign materials, including buttons, bumper stickers, and yard signs, which solely name or depict a State or local candidate; and

"(E) the cost of any campaign activity conducted solely on behalf of a clearly identified State or local candidate, excluding activities described under subsection (a)(2).

"(2) For purposes of paragraph (1)(C), the non-Federal share of a party committee's administrative and overhead expenses shall be determined by applying the ratio of the non-Federal disbursements to the total Federal expenditures and non-Federal disbursements made by the committee during the previous Presidential election year to the committee's administrative and overhead expenses in the election year in question.

"(c) FUNDRAISING EXPENDITURES.—Any amount spent by a national committee of a political party, including the congressional campaign committees of a political party, and any entity that is established, financed, maintained, or controlled by a national committee of a political party, including the national congressional campaign committees of a political party, and any officer or agents of such party committees or entity to raise funds that are used, in whole or in part, in connection with the activities described in subsection (b) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act."

(b) RESTRICTIONS ON FUNDRAISING BY CANDIDATES AND OFFICEHOLDERS.—Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a) is amended by adding at the end the following new subsection:

"(i)(1) The limitations, prohibitions, and reporting requirements of this Act shall apply to the solicitation for, and receipt of funds by, a candidate for Federal office, an individual holding Federal office, or any agent of such candidate or officeholder, in connection with any Federal election.

"(2) Paragraph (1) shall not apply to the solicitation or receipt of funds by an individual who is a candidate for a non-Federal office if such activity is permitted under State law."

(c) REPORTING REQUIREMENTS.—

(1) NATIONAL COMMITTEES.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) is amended by adding at the end the following new subsection:

"(d) POLITICAL COMMITTEES.—(1) The national committee of a political party, any congressional campaign committee of a political party, and any subordinate committee of either, shall report all receipts and disbursements during the reporting period, whether or not in connection with an election for Federal office.

"(2) Any political committee to which paragraph (1) does not apply shall report any receipts or disbursements that are used in connection with a Federal election.

"(3) If a political committee has receipts or disbursements to which this subsection applies from any person aggregating in excess of \$200 for any calendar year, the political committee shall separately itemize its

reporting for such person in the same manner as required in subsection (b) (3)(A), (5), or (6).

"(4) Reports required to be filed under this subsection shall be filed for the same time periods required for political committees under subsection (a)."

(2) REPORT OF EXEMPT CONTRIBUTIONS.—Section 301(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)) is amended by inserting at the end the following:

"(C) The exclusion provided in subparagraph (B)(viii) shall not apply for purposes of any requirement to report contributions under this Act, and all such contributions aggregating in excess of \$200 shall be reported."

(3) REPORTS BY STATE COMMITTEES.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434), as amended by paragraph (1), is amended by adding at the end the following new subsection:

"(e) FILING OF STATE REPORTS.—In lieu of any report required to be filed by this Act, the Commission may allow a State committee of a political party to file with the Commission a report required to be filed under State law if the Commission determines such reports contain substantially the same information."

(4) OTHER REPORTING REQUIREMENTS.—

(A) AUTHORIZED COMMITTEES.—Section 304(b)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(4)) is amended—

(i) by striking "and" at the end of subparagraph (H);

(ii) by inserting "and" at the end of subparagraph (I); and

(iii) by adding at the end the following new subparagraph:

"(J) in the case of an authorized committee, disbursements for the primary election, the general election, and any other election in which the candidate participates;"

(B) NAMES AND ADDRESSES.—Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended—

(i) by striking "within the calendar year"; and

(ii) by inserting ", and the election to which the operating expenditure relates" after "operating expenditure".

SEC. 4. PUBLIC SERVICE ANNOUNCEMENTS.

Beginning on September 1 and continuing through November 1 of each election year, the Federal Election Commission shall carry out a program, utilizing public service announcements, to provide basic information to the public about—

(1) voter registration, including locations and times; and

(2) voting requirements.

SEC. 5. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this Act, the amendments made by, and the provisions of, this Act shall take effect on the date of enactment of this Act, but shall not apply with respect to activities in connection with any election occurring before December 31, 1996.

(b) CONTRIBUTIONS AND EXPENDITURES BEFORE DATE OF ENACTMENT.—This Act, and the amendments made by this Act, shall not apply to contributions and expenditures made before the date of enactment of this Act.

S.J. RES. 47

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legis-

latures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"ARTICLE—

"SECTION 1. The Congress shall have the power to set limits on expenditures made by, in support of, or in opposition to the nomination or election of any person to Federal office.

"SECTION 2. The Congress shall have the power to set limits on contributions by individuals or entities by, in support of, or in opposition to the nomination or election of any person to Federal office.

"SECTION 3. The Congress shall have the power to enforce, by appropriate legislation, the provisions of this article."

GIVING ELECTIONS BACK TO CITIZENS— SUMMARY OF THE BRADLEY PROPOSAL

This proposal would restore democracy to American elections by removing *all* the corrupting sources of money in campaigns and giving voters direct control over how much money is spent in a Senate election. It would not force taxpayers to fund politics through public financing, but it would equalize funding among candidates and provide free media time. Candidates would have to compete on their ideas, and once elected, to serve all their constituents without favoring contributors.

1. CONSTITUTIONAL AMENDMENT

Amend the Constitution to clarify that Congress has the power to set limits on contributions and expenditures in support of, or in opposition to, any candidate for Federal office.

The spending limits implicit in the legislative proposal directly confront the Supreme Court's 1976 ruling in *Buckley v. Valeo* equating political money with free speech. If the Court will not reconsider this ruling, this amendment will correct it.

2. TAX CHECK-OFF

Add a new Senate General Election Campaign Fund line to each tax return, and allow all filers to designate between \$1 and \$5,000 as an add-on to taxes. Funds added-on by taxpayers in each state will be designated for Senate elections in that state only.

3. DISTRIBUTION OF FUNDS AMONG CANDIDATES

Each Senate election year, all funds received in the preceding two years (plus one-half of any funds remaining from previous years) will be divided among all qualified candidates after the nomination process has been completed in each state. All qualifying party candidates and independents will receive an equal share.

To qualify, a party or an independent candidate must obtain signatures of 5% of all registered voters in the state. Parties that have received 10% of the vote in two of the previous four Senate elections automatically qualify.

No candidate may accept or spend funds from any source other than the common fund. All candidates must participate in at least two debates with all other candidates.

4. BROADCAST TIME

Each broadcast licensee must make available to each eligible Senate candidate two hours of free broadcast time, of which at least one hour must be during prime time. Each broadcaster must make time available to candidates in all states in its broadcast area. Free time must be made available during the 90 days preceding the election. Appearances during news or public service programs will not count.

Free broadcast time will be allocated in segments of 1-30 minutes, at the candidates' choice.

The Federal Election Commission will also be required to develop a program of public

service announcements providing basic information about voting requirements, voter registration, and election dates and locations, which broadcasters may carry in fulfillment of their basic public service requirements.

5. NOMINATING PROCESS

Candidates for any party's Senate nomination may accept only contributions of \$100 or less. No candidate for a party's nomination may spend more than 50% of the total amount that will be available in the total fund for candidates in the general election, as estimated by the state 30 days before the primary.

A candidate for nomination who did not comply with these rules would be ineligible for all funding and free broadcast time in the general election.

6. PARTY MONEY/SOFT MONEY

Contributions to state and national party organizations will be limited to \$1,000 from individuals.

7. INDEPENDENT EXPENDITURES

Broadcast licensees that accept independent expenditures for advertisements that make reference to any Senate candidate must provide equal, free time to allow any candidate mentioned negatively in the original ad to respond. If a candidate is mentioned positively, the licensee must allow all opponents the same amount of time to respond.

SOURCES OF CORRUPTION ELIMINATED IN THIS PROPOSAL

PACs (eliminated by ban on outside contributions).

Wealthy individual contributors (same).

"Bundling" to evade PAC limits (same).

Wealthy candidates (personal wealth cannot be used).

Out of state money (all money in common fund comes from in-state taxpayers).

Money funneled through party committees without disclosure or limits.

Lack of debates (debate participation required).

ADDITIONAL COSPONSORS

S. 1028

At the request of Mrs. KASSEBAUM, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 1028, a bill to provide increased access to health care benefits, to provide increased portability of health care benefits, to provide increased security of health care benefits, to increase the purchasing power of individuals and small employers, and for other purposes.

S. 1473

At the request of Ms. SNOWE, the name of the Senator from Michigan [Mr. ABRAHAM] was added as a cosponsor of S. 1473, a bill to authorize the Administrator of General Services to permit the posting in space under the control of the Administrator of notices concerning missing children, and for other purposes.

S. 1520

At the request of Mr. HELMS, the names of the Senator from Alaska [Mr. STEVENS] and the Senator from Oklahoma [Mr. INHOFE] were added as cosponsors of S. 1520, a bill to award a congressional gold medal to Ruth and Billy Graham.

ADDITIONAL STATEMENTS

DEFENSE AND PRISON SPENDING DURING THE BUDGET NEGOTIATIONS

• Mr. SIMON. Mr. President, in the past few weeks, budget negotiations have ground to a halt. Unfortunately, both Republicans and Democrats have focused their budget-cutting attentions too narrowly on certain parts of the total budget pie, while ignoring other large portions of the budget. While both sides have offered to put everything on the table, two areas of enormous Federal spending have not been on the table: national defense and prisons.

I would like to call the attention of my colleagues to a recent Chicago Sun-Times column, written by William Rentschler, entitled "Sacred Cows of Arms, Prisons Are Milking the U.S. Budget." The column describes the irrationality of giving billions of tax dollars to the military-industrial complex and the prison industry with virtually no congressional debate, as we simultaneously scrutinize other programs in the difficult quest to balance the budget.

As the column suggests, current budget proposals insulate significant parts of the budget from any reductions. Instead of making cuts in all areas of Federal spending, current budget proposals target programs such as Medicare, Medicaid, child nutrition, and Head Start, which provide essential services for the elderly, children and the poor, or education and training initiatives that make the American dream possible for many ordinary citizens. In fact, the budget reconciliation plan passed by the Republicans would establish budget firewalls that allow defense spending in the next 7 years to increase by \$33 billion over the request by the Department of Defense.

For 15 years, I have fought for a balanced budget amendment to the Constitution. I have done so in the firm belief that persistent budget deficits pose a grave threat to the future prosperity and vitality of the Nation. However, my support for the goal of a balanced budget does not mean that I support cutting deeply into only certain parts of the budget, while leaving other parts of the budget completely untouched.

I urge my colleagues to read the column and to work with me toward balancing the budget in a way that is sensible and fair.

I ask that the Chicago Sun-Times column be printed in the RECORD.

The column follows:

[From the Chicago Sun-Times, December 25, 1995]

SACRED COWS OF ARMS, PRISONS ARE MILKING THE U.S. BUDGET

(By William Rentschler)

Ordinary cows are generally placid and quite harmless. But sacred cows can be downright fearsome, even a danger to the well-being of a nation.

It is two monstrous sacred cows, snorting and stomping and emitting mushroom clouds

of gaseous propaganda, that stand in the way of a rational balanced budget that is fair to both the poor and the powerful.

Most politicians on both sides of the aisle—including President Clinton and his Republican adversaries—cringe at the thought of bringing to heel these voracious gobblers of vast feedlots of tax dollars.

Sacred Cow No. 1 is the "military/industrial complex," which Dwight D. Eisenhower, career military hero, warned against when he left the presidency in 1960.

If Clinton, Newt Gingrich and Bob Dole had the backbones to curb the bloated appetite of the military and its handmaidens in Congress, there would be no budget impasse, no shutdown of government, no need to balance the budget on the backs of the poor and infirm, no need to devastate the environment, education, workplace and food safety, drug prevention/treatment, and a host of other social programs.

The most credible critic of outlandish defense spending in the wake of the Cold War is the Washington-based Center for Defense Information, a think tank run not by what Gingrich and Rush Limbaugh would berate as mushy-minded liberals, but by three retired U.S. Navy admirals.

CDI's triad of flag officers brands as "scandalous" and "outrageous" today's defense budget, which represents 47 percent of all discretionary federal spending. That's nearly half of all discretionary tax dollars to feed the ultimate sacred cow in peacetime.

The admirals state unequivocally that we could reduce military spending by more than \$500 billion over the next seven years "without jeopardizing America's status as the pre-eminent military power in the world." This, they say, would preclude draconian cuts proposed by Republicans in Congress "to vital domestic programs."

Sacred Cow No. 2—not yet as fat but equally formidable in its stranglehold on Congress and state legislatures—is the "prison/industrial complex" or the "punishment industry," as it is described by sociologists J. Robert Lilly and Mathieu Deflem.

The U.S. incarceration rate is the highest in the world. On any day more than 1.5 million people are locked up. The reasons are clear. The prison propagandists, who profit from punishment extremes, have terrified the public, rigged sentencing statutes to assure an ever-increasing demand for more cells, and conned politicians into throwing tax dollars mindlessly into prison building, stuffing and staffing.

Both sacred cows are classic examples of free enterprise run amok. We implement unsound policy and practice driven by greed and the almighty buck. Billions are at stake as companies elbow each other to supply the "punishment industry." The prison-builders get ever-fatter as they graze unrestrained in the backyards of taxpayers. The prize, according to Lilly and Deflem, is \$22 billion in annual sales divided among about 300 private firms.

What politicians—there are a few—will risk having the demagogues, lobbyists and editorial writers call them "soft" on national security or crime? Or will turn their backs on the cornucopia of dollars poured into their campaign coffers by these free-spending, yet sacrosanct, bovines?

So there is no rational debate on the merits, and we continue to squander billions on unneeded weapons and prisons. CDI reports that the House devoted exactly 32 minutes to its approval of the \$240 billion military budget in 1994. That's \$7.5 billion per minute!

Sad, isn't it, that we the people allow ourselves to be hoodwinked to this extent year after year.

Republicans in Congress, especially Gingrich and the hot-eyed freshmen, speak grandly about balancing the budget to protect our