

Cold War thinking and recognizes how important international and regional peacekeeping efforts have become. From Cambodia to Liberia to Bosnia and dozens of other trouble spots, peacekeepers work to keep tensions from erupting into conflict and to contain the conflicts that do break out. Often in these situations America cannot send troops for fear that one side or the other would seek to make them the target. Although Japan and Germany are constrained from sending troops in many cases, they could do more to provide equipment, logistical services and financial support to peacekeeping efforts. So could other nations.

If the President cannot convince our allies to improve their contribution in any of these areas, the amendment lays out a menu of options for him to use to prompt cooperation. The options include: reducing troop levels stationed abroad; imposing taxes or fees similar to those that other nations impose on U.S. forces stationed abroad; reducing the amount of U.S. contributes to the NATO budget or other bilateral programs; or taking any other action within his power. In reality the President already has the authority to take any of these steps. This language simply urges him to use these tools to encourage burden sharing. These options are suggestions and are not mandatory.

During the Cold War, the United States maintained the military industrial might to counter the threat posed by the former Soviet Union. In doing so, we paid a very heavy price and the American people made many sacrifices, most importantly in the lives of American men and women who fought and died in Korea, Vietnam, and elsewhere. But we also sacrificed a great deal of our national wealth to build and maintain a military superior to all others, capable of defending not only the United States but also our allies in Europe and the Pacific. In addition to providing the primary defense for the free world, we aided the devastated economies of Europe and Japan to recover after the war and then devoted our efforts to development in the Third World. These contributions were also important to maintaining stability and security.

For much of the Cold War, we had the only economy capable of sustaining such an effort. This is no longer the case. The European Union has passed the U.S. as the largest integrated economy in the world, and Japan's per capita output is very close to ours. With the Cold War gone and the threat of global war fading, it is time for the rest of the industrialized nations to take on their fair share of world responsibility. The United States will continue to lead the way, but we can no longer do it all ourselves.

Both the Defense Department and the State Department are on record in support of this amendment. According to the State Department the amendment "supports U.S. policy objectives in achieving an equitable responsibility sharing of global security interests with our allies." This amendment does not tie the President's hands. He maintains the flexibility to target different countries in different areas and to use the tools he feels are most appropriate.

Not only is this approach supported by the Administration, but because of the potential to save the American taxpayers \$11.3 billion by 2002, the amendment has garnered the endorsement of The Concord Coalition Citizens' Council, Taxpayers for Common Sense, and Citizens Against Government Waste. This amendment makes sense both for budgetary reasons and on grounds of fairness, and it supports Administration policy. I urge my colleagues to support it.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER (Mr. KEMPTHORNE). The Senator from Massachusetts.

MINIMUM WAGE AND HEALTH INSURANCE REFORM

Mr. KENNEDY. Mr. President, under the Senate schedule, when the Senate returns a week from Monday, we will have the opportunity to debate the minimum wage increase, the proposal that will be before the U.S. Senate. In anticipation that minimum wage really is the next order of business, I will address the Senate briefly this afternoon in terms of what I think are the issues that will be considered. I think it is important, as we move through the Fourth of July recess, that the American people understand the issues that will be considered, under a relatively short time agreement, with the vote coming up in the early part of the week, when we return.

The issues that will be before the Senate and the American people are extremely important to working families, especially low-income working families, and their children.

I think it is important that we begin to think about these matters, now that the issues on the defense authorization bill have been addressed and pretty well resolved. Then I would like to just take a few moments to address where we are, as I consider it, in terms of the health insurance reform bill that was passed unanimously out of our committee and on the floor of the Senate and where we are in terms of the discussions that have been taking place in recent days.

But on the first issue, on the minimum wage, Mr. President, I think it is regrettable that our Republican colleagues continue to try to do all they can to undermine a fair increase. We will have the opportunity to vote on a 90 cent increase in the minimum wage over a 2-year period. Nonetheless, it is important to know that not only will we have the opportunity to vote for the increase, but that there will be an alternative before the U.S. Senate that will undermine in a very dramatic, important and significant way the effects of the increase for working families.

Mr. President, that is the particular part of the debate that I would like to talk about briefly this afternoon. At every turn, wherever we can provide some protection, there will be at least a proposal to minimize that protection for workers in the form of delays in the increase of the minimum wage.

In the proposal that will be the alternative to our increase in the minimum wage, the Republican proposal will, first of all, put off any increase until January 1, 1997.

That means for another 6 months, minimum wage workers will go without a raise. They have already had no raise over the period of the last 5 years. They will be denied approximately \$500 more in additional pay that they would have received over the next 6 months—

\$500 that could buy medicine for sick children, new school clothes, or even Christmas presents. Only the Grinch would be mean enough to delay this raise for our poorest workers until after Christmas. Surely, our Republican colleagues find this kind of meanness embarrassing.

It is important to know that in the proposal that was introduced 2 years ago, the first phase of the increase in the minimum wage was to go into effect in this July period, to go up 40 cents, and then an additional 45 cents a year from now. Now we will have before the Senate the alternative of delaying any kind of increase until January 1997, at the earliest.

Next, our opponents propose an increase—but just a flat increase in the minimum wage, as we had in 1989, signed by a Republican President. Under our Republican proposal, we will find that the minimum-wage proposition that they support creates a subminimum wage for any worker who takes a job with a new employer.

Their proposal would allow employers to pay any new employee a subminimum wage of \$4.25 an hour for 6 months. This harsh provision could have a serious depressing effect on the already depressed wages of large numbers of working Americans. Each year 6 million workers lose their jobs and struggle to find new ones, and all of them would be subjected to this subminimum wage.

Our Republican friends call this an opportunity wage. But the only opportunity in sight is the opportunity for employers to exploit their new workers. No one will be hurt more by this than the downsized, laid-off workers in a time of high unemployment who cannot find jobs equivalent to the jobs they lost. Not only will they face the indignity of having their wages fall to the minimum, but they will find themselves falling to a subminimum wage.

The past year has been a time of economic expansion and relative prosperity for our economy as a whole. But again and again we see the stories of white and blue-collar workers laid off after long careers in good-paying jobs. Many of these workers have found themselves forced to accept minimum-wage jobs after being laid off by a downsizing employer.

Mr. President, what we are saying here is that anyone who enters the job market will not be eligible for an increase in the minimum wage for 180 days. They may work for a period of time, they may be laid off from that job, they may go to another job, and they are still not eligible for another 180 days.

At least in 1989, when we were debating the increase in the minimum wage, they called it a training wage for a period of 90 days. Even though there was no requirement to provide either education or training during that period of time—they just labeled it as a training wage.

This one before us now in the U.S. Senate is 180 days, without any kind of

suggestion that there is a training wage for a minimum-wage job. This does not suggest that for entry into a minimum-wage job there is not any training—there has to be some. There is training, but for the most part that can be done within a week or a 2-week period for minimum-wage jobs.

But what we are basically saying is that there is a delay, and the effect of the delay is going to mean a loss for those who are eligible for the increase in the minimum wage. Then for every person who enters the job market—the 6 or 7 million Americans who are out there who want to work, provide for their families, and are being laid off of these minimum-wage jobs—they go to a new job and they are again held at \$4.25. They do not get the increase that other minimum-wage workers would get because they are a new entry into the job market.

At least the House of Representatives said, "Well, we'll do that with regard to teenagers." Not the U.S. Senate. They are going to do it to anyone, any single mother, and any single mother that may be trying to get off welfare and trying to provide for her family. The way the Senate Republican proposal is going to work is that it is going to say, "If you go into the job market for 180 days, you're still going to be at \$4.25. Then if you have to take a few days off—maybe change jobs because you have to look after a child—you're going to be continued at \$4.25 for a period of time." It is effectively undermining the impact of any increase in the minimum wage.

So, Mr. President, the result of their plight is to make it more painful; workers will fall farther and farther behind. We are talking about minimum-wage jobs that are the least-skilled jobs. They are jobs for which little or no training is needed—at most a few hours or days. Yet the Republican amendment doubles the duration of the subminimum wage of the House-passed bill, from 90 to 180 days, far beyond any reasonable training or tryout period.

There is no good reason for this harsh proposal other than Republican opposition to the minimum wage and any Government protection for working people. In the Republican view, the lower the minimum wage, the better. Our Republican friends would rather have no minimum wage at all. If American workers' wages have to sink to the third world level to make business competitive, so be it.

I oppose the subminimum wage in the House-passed bill which applies only to teenagers during the first 90 days of employment with any employer. Many of the 18- or 19-year-olds need a living wage as much as any adult, especially if they are young welfare mothers willing to work for a living. The notion that they need training for 3 months in jobs like burger flipping or waiting on tables, washing dishes or bagging groceries is absurd.

The Senate Republican proposal is even more objectionable than the

House proposal because it imposes a longer subminimum wage for workers at all ages, not just youths. Employers would be authorized to pay a subminimum wage to a 50-year-old steelworker who is down on his luck after his plant is closed. Office workers whose 30-year careers have ended in layoffs could be paid a subminimum wage.

Republicans cannot hide behind their typical excuses about the minimum wage applying to wealthy teenagers who do not really need a job. The facts are plain: the Republicans simply want to drive workers' wages as low as they can, regardless of the workers' age, experience or family situation.

Mr. President, the third part of the Republican alternative, besides the delay in the effective date and the 180-day delay in terms of putting the minimum wage into effect, is the exemption for workers in small businesses. Businesses with less than \$500,000 in annual sales would be exempt from any minimum wage. There are 10.5 million workers who are employed in those firms today. I say they deserve protection, too.

The protection is not something small business needs. The economy has added more than 10 million jobs since Congress last raised the minimum wage in 1991. Small business often claims to have led the way. The minimum wage has not been a drag on job creation. It strengthens job creation by putting more money into circulation. Even the National Federation of Independent Businesses' own survey found that the minimum wage is not a critical issue for small business. In that survey, the minimum wage ranked 62d in importance out of 75 issues—62d out of 75.

So these proposals are a cruel hoax on low-wage workers. They are nothing more than an attempt to deny a fair increase in a minimum wage to millions of low-income Americans, even while appearing to grant an increase to those people. There is no accurate information on how many of the 10.5 million workers in small firms will be denied a raise they would otherwise receive, but there is no justification for denying even one working American the right to a living wage.

What possible rationale can there be for forcing millions of Americans to continue working at wages that everyone knows are poverty wages, wages so low that they cannot support a family?

The Republican alternative says that the reason is to save jobs. But the fact is that the modest increase we are proposing will not cause job losses, and may even lead to an increase in employment. I point out that the Wharton School, the DRI examination of our minimum wage increase says that there is at risk 20,000 jobs—20,000 jobs—20,000 jobs, Mr. President, and still we find our Republican friends say, "Well, we can't afford any kind of increase because we're going to lose those jobs." The other studies which I referred to

today, the 12 other studies, the most current show there is a good possibility it will mean expanded jobs, because many people will go back into the market if they think there is a possibility to have a livable wage. The money that is expended by those individuals will create sufficient demand to increase employment as well.

So, Mr. President, the expansion of employment is exactly what happened in New Jersey in 1992 and is happening, I point out, in my own State of Massachusetts and the State of Vermont. The last two States who have increased the minimum wage are Massachusetts and Vermont. They have seen the greatest decline in unemployment that we have had in New England. Over the period of the last 4 to 5 months, we have seen the greatest decline in unemployment in the two States that have increased their minimum wage in the early part of this year. There are just no real, meaningful studies that have demonstrated that there would be any important job loss.

Mr. President, one reason for that result is reflected in an analysis released by Salomon Brothers in the U.S. Equity Research report of April 22, 1996. The Salomon Brothers predicted retail businesses would benefit from an increase in the minimum wage due to the enhanced purchasing power it would create for many low-income consumers. This is the Salomon Brothers. The Salomon Brothers recommend purchasing a number of retailing stocks because of the benefits they will receive from the increased purchasing power of low-income workers.

The report specifically concludes that the benefits from increased sales would generally outweigh the modest rise in wage costs. It is not fear of job loss by those who oppose minimum wage increases and who support the Republican proposals; what motivates these groups primarily is greed. There is no other way to explain the intense opposition to the minimum wage by organizations like the National Restaurant Organization. The Restaurant Association claims that a minimum wage increase would be a job killer, even though the restaurant industry has seen enormous employment growth since the last minimum wage increase in 1991.

In fact, the actual experience of the restaurant industry shows that the minimum wage increase would be good for business and good for the economy.

For 3 years before the 2-step minimum wage increase in 1990-91, employment growth in the restaurant industry was falling, along with the real wages of minimum wage workers. Restaurant industry employment growth fell from 3.1 percent in 1987 to 2.8 percent in 1988, to 2.3 percent in 1989, to 1.7 percent in 1990, and actually decline by 0.5 percent in 1991.

But in 1992, the first full year after the 90-cent minimum wage increase took effect in April 1991, employment growth rebounded by 2.1 percent. And

in each of the next 2 years, employment growth accelerated, reaching 3.2 percent in 1993 and 3.6 percent in 1994.

From 1991 to 1995, the restaurant industry added almost 800,000 new jobs! If that's what the Republican Party calls job-killing, I say let's have more of it.

With respect to this small business subminimum wage, it is critical to remember not only that the last minimum wage increase took effect in April 1991, but that the 1989 amendments expanded coverage to include employees in small restaurants who had formerly been excluded.

That expansion should have compounded the job-killing effect of the increase, but it did not. Instead, the restaurant industry saw an expansion of job growth, record profits, and mindboggling increases in CEO pay. The sub-minimum was not needed. Small businesses don't need it, and their employees don't deserve that harsh and unfair treatment.

The argument that the minimum wage kills jobs is nonsense. Both Vermont and Massachusetts raised their State minimum wage to \$4.75 in January of this year, while our neighbors in New Hampshire and New York did not. What has happened since then? Have we lost jobs in Massachusetts and Vermont? Far from it.

Since January, when these States raised their minimum wage, unemployment in both Massachusetts and Vermont have fallen. We haven't lost jobs—we've added them.

But what happened to our neighbors who left their minimum wage unchanged? Haven't they done better? No, far from it. In both New York and New Hampshire, unemployment has risen since January from 4.9 to 5.1 percent in New York and from 4.2 to 4.4 percent in New Hampshire. Unemployment fell where the minimum wage has increased, and rose where the minimum wage was frozen at \$4.25.

Giving working Americans a living wage will not cost jobs. Making all employers pay a living wage will not cost jobs. The minimum wage law in Massachusetts does not exempt businesses with sales of \$500,000 or less, and neither does the minimum wage law in Vermont.

Have small businesses been demanding an exemption from the minimum wage? No, they have not. Studies cited by the Small Business Administration show that only 7 percent of small businesses consider the minimum wage a critical problem. As I pointed out earlier, a survey prepared by the National Federation of Independent Businesses ranked the minimum wage as 62d in importance out of 75 issues.

Another study, funded by the NFIB Foundation, revealed that even among the smallest of businesses—those with less than 10 employees—only 6 percent consider the minimum wage a critical problem.

I have been over here the last 35 years. This is the first time, Mr. President, other than a training wage, that

we have seen this kind of alternative, to extend the existing minimum wage for a period of time, to delay the effective day, or to exclude massive numbers that will be affected by the minimum wage. If this Republican proposal is enacted, it will be the first time since 1938, when we enacted the minimum wage, that we have decreased the coverage of the minimum wage.

All we are trying to do is provide a livable wage for people. The only way we can get this before the U.S. Senate is to permit this alternative. The alternative delays the effective date. It would deny working families \$500. It delays the effective date for people that move from job to job, the 6 million Americans that move every year or so in terms of their jobs. It will delay them for 180 days repeatedly. This has been the most important penalty that we have seen in any possible increase in the minimum wage.

Usually, when the time comes to ultimately vote on minimum wage—and it may be a begrudging vote—we vote on the increase. What we will see here, if the Republican proposal passes, is that they will take away the increase in the minimum wage in one hand and go back and issue the press releases about how they voted for the increase in the other. Wait and see.

The American people are too smart for that, Mr. President. They ought to understand exactly what is being considered.

There is no excuse to deny a minimum wage increase to any American who works in interstate commerce. The Republican proposals are mean-spirited ideas that will hurt the poorest of workers. I hope my Republican colleagues will reconsider these objectionable proposals and join us in the coming days in supporting a fair increase in the minimum wage for all workers.

Mr. SARBANES. Will the Senator yield?

Mr. KENNEDY. I am happy to yield to the Senator.

Mr. SARBANES. Do I understand under the proposal that our Republican colleagues want to put forward with respect to the minimum wage, as I understand it, you have an initial period when you are paid at below the minimum wage, is that correct, for 6 months?

Mr. KENNEDY. Mr. President, 180 days.

Mr. SARBANES. Suppose someone takes a job and he gets the below wage for, say, 5 months, and then they let him go because they do not need him anymore. When that man or woman goes to another job, do they get the below minimum wage for another 6 months in the new job, as well?

Mr. KENNEDY. The Senator is absolutely correct. The Senator is absolutely correct.

Mr. SARBANES. If fortune should strike them that they are moving from one job to another, they could be kept below the minimum wage for succes-

sive periods of time, is that correct, for successive 180-day periods of time?

Mr. KENNEDY. The Senator is absolutely correct.

The Senator remembers even in 1989 when we had the period of the 90 days, they called it a training wage, even though there was no training required. Now it is 180 days, and they call it an opportunity wage. It is just an opportunity for the company not to pay hard-working Americans a livable wage. That is one of the three parts that is in the Republican alternative.

What you will see here, Mr. President, on the first or second day after we are back on that Monday or Tuesday, they will vote for the Republican proposal that will delay the effect of the minimum wage and deny the \$500 for these working families. That \$500 means months of groceries and utility bills and perhaps half the tuition to go to a State school, tuition for a year. Then they will vote for delaying for the 180 days the payment so people will still be paid \$4.25. Then they will exclude all of the businesses under \$500,000—not just those intrastate commerce or interstate commerce, which is approximately 10 million Americans. There are only 13 million Americans affected by the increase, so they will deny all of those Americans any opportunity for a significant increase.

Then they will go out and vote for an increase in the minimum wage. That is what this issue is about—the phoniest possible effort to blind side, I think, not just the workers, because they understand it, but all of the American people. Evidently, this is being done for the political purposes of trying to be on the right side of the minimum wage.

Mr. SARBANES. Will the Senator yield?

Mr. KENNEDY. I am happy to yield to the Senator.

Mr. SARBANES. If this exclusion of below \$500,000 that the Senator made reference to—exclusion, I take it if you work for a company that has below \$500,000 in sales, you are not covered by this increase in the minimum wage. As I understand it, that is a great many of the people. Many of the people who now work for such companies are, in fact, covered by the minimum wage. There are some such small companies that are only intrastate commerce, not interstate, but many are in interstate commerce and are now covered by the minimum wage, as I understand it.

Under this proposal they would no longer be covered by the minimum. At least they would not receive this increase in the minimum wage. I take it they would still receive the current coverage, but they would not get this increase in the minimum wage. In effect, they would be dropped out from this legislation by this proposal, is that correct?

Mr. KENNEDY. The Senator is not only correct, but I think what you have to assume is that they would be dropped out of any increase in any proposal in the future, because this will be

the first time, the first time since enactment of the minimum wage, that we will have carved out an area to reduce the coverage for working families—the first time. Every other time we have increased the minimum wage we have expanded the coverage of the minimum wage because we have recognized that men and women that are working 40 hours a week, 52 weeks of the year, ought to be entitled to a livable wage.

If this passes, it will be the first time that we will have an important and significant carve-out. That, I think, is part of the Republican proposal which is objectionable. Not only that, but we have not even started to deal with the restaurateurs, the restaurant association and restaurants. If you look at the employment in restaurants over the period from 1989 to 1991, you saw a declining balance in terms of the number of increases in the employment for restaurants. After the minimum wage absolutely went into effect, you saw those employment figures take off.

Here we are finding out that because of the power of the restaurant association, even though the number of people that are working in the restaurant industry has been expanding and it is a growth industry according to projections by the Department of Labor, the restaurateurs have a sweetheart agreement in here. It says the restaurant is not responsible for them going from the \$4.25, increasing the minimum wage if they make that money in tips. They are only liable if they do not make it in tips.

I will have printed in the RECORD on Monday and Tuesday, during debate, the amount this sweetheart deal will save those restaurants in terms of taxes. In many of those restaurants, in fancy places, people are well above it, but there are a lot of restaurants that are out there across America in small and medium-sized towns where people are working, trying to provide for their families, who are entitled and need the resources to be able to do it. Now, finally let me—

Mr. CHAFEE. If the Senator will yield—

Mr. KENNEDY. After I make this point. Finally, after all this is out, we have, underneath that, the special provisions, the \$8 to \$10 to \$12 billion of tax breaks that are going to go to small business industries which are going to be affected by them. The cost of the minimum wage is going to be \$3.4 billion, and we have about \$10 billion in tax breaks for these small companies.

How much do you have to give them to provide some respect for working families? How much do you have to bribe them to finally get a vote here on the floor of the U.S. Senate? You talk about taking care of a constituency. You are giving them \$10 million on the one hand, and you are carving out millions of Americans on the other hand; you are delaying the increase for working families and also delaying the trigger. We think we are debating an increase in the minimum wage. We can understand why it took so long for our

Republican friends to come up with the agreement to schedule this discussion on the floor of the U.S. Senate—for a short time period of debate—on the issues of the increase in the minimum wage.

Mr. President, the American people have to understand what we are talking about. Go back to the debates—when we had the increase debates going back to the early sixties and seventies. I see the Senator, and I will yield in one minute to the Senator from Rhode Island. We have never had these kinds of sweetheart deals and exemptions. Generally, when an increase was worked out, we voted on it. We have, as the Senator from Maryland understands, Republicans—like Eisenhower and Nixon and President Bush—who have signed increases in the minimum wage.

I see the Senator from Rhode Island. I yield for a question.

Mr. CHAFEE. I know the distinguished junior Senator from Kansas has been waiting to give her maiden speech here. I do not want to delay things. Is the Senator about through? (Mr. GRAMS assumed the chair.)

Mr. KENNEDY. I was here all day on Thursday when we were denied any opportunity for morning business to speak. We were denied, also, a very short period of morning business yesterday from 8:15 to 9 o'clock. Senator MURRAY had to stay here until 10:30 in order to get 15 minutes, from 8:15 to 8:30 yesterday. I wanted to wait until we concluded. I want to pay respects to our new Senator, and I will be very brief and then I will terminate. I eagerly await the Senator's speech. But I would like to conclude on the minimum wage and speak briefly on MSA's, and then I will yield.

Mr. CHAFEE. If I may say one thing, I have a couple of questions for the Senator from Massachusetts. First, I congratulate Massachusetts for the low unemployment, which you attribute to the rise in the minimum wage. I myself would attribute it to the outstanding Governor that they have.

Mr. KENNEDY. I know he has been trying to take credit for it.

Mr. CHAFEE. I have heard—

Mr. KENNEDY. Even though his opposition to the increase of the minimum wage is well understood.

Mr. CHAFEE. All I know is that the State is extremely vigorous and thriving because of the outstanding leadership he is providing, and, indeed, the people have recognized this with the overwhelming reelection victory that he had.

However, we will have an adequate opportunity, I think, to discuss this. I might say, I do not agree with the Senator's characterizations of employers. I wrote down some of them: "Harsh," "greedy," "exploiting." That is the different attitude that we take.

Mr. KENNEDY. Well, the only thing I would ask the Senator is whether I have stated correctly the fact that in the Republican proposal you delay the triggering time for the minimum wage until January, which will be a loss of \$500, and that you do have the 180-day

period which you call the "opportunity wage," and you have the carve-out? If you agree with these facts, then I am glad to welcome whatever characterization of the differences there might be, as long as the Senator would either differ or agree with that.

Mr. CHAFEE. My great concern in connection with the minimum wage is, if it does not include some kind of a "training period" or "opportunity period," whatever you call it, that on the one hand, we are demanding folks on welfare get off and all of us have supported here provisions that require these people to be off welfare, whether it is in 2 years, 5 years or whatever it is. Fifty percent must be off in a certain length of time. Where are they going to get jobs? Who is going to hire them? So I strongly support some kind of a period—call it a training wage, or an opportunity wage. I do not think it should be restricted to those 19 years of age or younger.

This is a very serious problem we have because we cannot deal with welfare reform without considering what is happening under the minimum wage. I notice that the Senator from Kansas is here, so I will—

Mr. KENNEDY. I will just respond. If you talk about a training wage, I do not see any proposal of the Senator that would provide any degree of training or any education. If the Senator had a proposal that, look, we are going to delay the minimum wage and we are going to provide a training or insist there is training or some education, I think that argument has some degree of credibility. But to say that, for minimum wage, you have to wait 180 days—ask any minimum wage worker whether they think it should take 6 months to get training to provide for minimum wage services. That really stretches the imagination.

I will just take a moment or two to comment about our situation on the health care issue. I think all of us, as we come to the period of the Fourth of July recess, wonder why we have not had the opportunity to vote here in the U.S. Senate on a bill that was drafted by our friend and colleague, Senator KASSEBAUM, over 1 year ago and was steered through our committee with bipartisan support. The bill would have provided relief for 25 million Americans with preexisting conditions and had some degree of portability. There is virtually unanimity on that particular issue here in the Senate and, I daresay, in the House of Representatives.

There is another ingredient which has been added in the House of Representatives in the process of the negotiations on medical savings accounts. I have expressed my view—and not only my view, but the view of some 35 different editorials, from newspapers from virtually all parts of the country, questioning whether the U.S. Senate ought

to add and tag this provision onto this very, very important and essential piece of legislation.

I think everyone in this body knows that if we were to have a vote on the legislation dealing with preexisting conditions and portability, it would pass by 100 votes. Americans all over this Nation, as they come through the Fourth of July period, will understand the degree of security that they would have in terms of their futures, for any preexisting conditions. And workers would understand the importance of that.

Nonetheless, we are not able to come back to the Senate and report an agreement on the final bill. Still, effectively, no matter how you characterize it, that bill is being held hostage for an untried, untested idea. We understand where the votes are, in terms of our Republicans friends in the House and in the Senate, who are absolutely insistent on trying to find some common ground. I have heard those that have said they support certain proposals that they believe far and wide exemplify a very reasonable sort of compromise. Mr. President, I think Americans are asking why we do not go ahead and pass what is agreed on and then debate the medical savings account independently tomorrow, tonight, this afternoon, or next week. But let us get out what we can agree on. But we are denied that opportunity.

So, Mr. President, I want to just indicate to all of those Americans—the 25 million Americans and their families, all those workers that are out there—that we are going to do everything we possibly can to get this legislation, and that we are committed to trying to have some kind of a pilot program that can examine the value of medical savings accounts. But for all the good reasons that have been demonstrated here, we are not going to be stampeded into accepting something which is untried and untested.

Mr. President, I will say a final word. If any company wants today to go out and sell a medical savings account, they can do it. I have listened to my friends on the other side of the aisle say all we are looking for is freedom. That is baloney. What they want is their hand in the pocket of the American Treasury. They have the freedom to go out and sell medical savings accounts today. But what they want is the Federal Treasury to be opened for the tax advantage that they would receive, and they are asking their legislators to help Golden Rule and other companies—companies which have been poorly rated by consumers group and have been drummed out of states like Vermont and other communities, for their conduct and lack of consumer protections. They want to get inside the Federal Treasury. That is what is at risk. They have freedom to go out and sell MSAs today. No; they want to get inside the Federal Treasury and get that privileged position to be able to

have a deduction or special tax advantage.

So this is very, very important. I am very hopeful that we will still have the opportunity for the health insurance reform act to become law—but quite frankly there are others interests that are involved. I certainly hope that we will have a chance to come back and address this matter, here on the floor of the U.S. Senate, sometime soon. We are running out of time in terms of the patience of the American people. We ought to be able to call the roll and have some degree of accountability.

Perhaps over the period of this break calmer heads can prevail and we can work out something that will move the legislation and permit a reasonable kind of trial period. Otherwise, I hope we will come back and we will just call the roll, and we will keep calling the roll until we get some final resolution will provide protection for those 25 million Americans and permit portability.

Constantly, at the end of the day when the day is done and you drive back home, you have to say to yourself, “Why aren’t we going ahead and providing this protection for the American people?” We can pass a bill that everybody agrees on. Why should we be effectively held hostage to those who want to include an untried and untested idea in the legislation?

Mr. President, we will have more of an opportunity to revisit that because the issue of MSAs is not going away. The health care issue is not going away. We will look forward to the chance to debate it when we return.

Thank you very much.

I, too, apologize, if that is appropriate, to our friend and colleague. I did not know that she was about to give her maiden address to the Senate, or I would have certainly looked for another opportunity to address the Senate.

I thank you.

Mrs. FRAHM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. FRAHM. Mr. President, I ask unanimous consent that I be recognized to speak as if in morning business for up to 10 minutes.

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

Mrs. FRAHM. Thank you, Mr. President.

INAUGURAL SPEECH OF SENATOR SHEILA FRAHM

Mrs. FRAHM. Mr. President, I am honored to be recognized by the distinguished Chair and to address the U.S. Senate. In the short 2 weeks since I was sworn in as the 31st Senator from my State of Kansas and the 1,828th Senator to serve in the Senate, I have had the privilege of casting my first votes on issues that are very important to me, to Kansans, and to our Nation. These votes were on issues that I believe will help shape the future—the fi-

nancial future of our children, and the future security of our Nation.

My very first vote in the Senate may, in fact, be the most important vote I will cast this year—it was in support of the balanced budget resolution. I strongly believe that it is imperative that we control Federal spending, balance the budget, and have the courage to make the tough calls. As Lieutenant Governor of Kansas, Governor Graves and I made the tough calls, submitting the first balanced budget in a generation. We lowered taxes on Kansans by \$1.3 billion over the next 5 years. I cut my own Department of Administration budget for fiscal year 1997 by 7 percent, and began a 5 percent personnel reduction over the next 2 years. I will work hard to put our national fiscal house in order, as I have already done in Kansas. A balanced budget represents hope for future generations, hope that they may be relieved of the crushing burden of a debt that was not of their making. I am committed to making that hope a reality. Chairman DOMENICI is to be commended for his skill and tenacity in shaping and managing the budget resolution through conference and the Senate.

I am pleased to be serving with the distinguished chairman of the Armed Services Committee as we continue deliberations over the 1997 Defense authorization bill. Maintaining a strong national defense is of vital interest to all Americans. I am, therefore, pleased and honored to have cast some of my first votes in support of a strong America.

Further, I am delighted to join Chairman D’AMATO and my colleagues on the Senate Banking Committee. I feel honored to serve with such a dedicated and distinguished committee. Maintaining the integrity of our financial institutions, achieving real regulatory reform, and preserving a strong and vibrant housing industry are top priorities for me and for Kansas. I look forward to working with the chairman on these important issues.

On Tuesday, I cast the first of what I am sure will be a number of a very difficult votes. This was regarding cloture on the campaign finance reform bill. I believe we owe our best judgment to those we represent. And in my judgment, it is far better to have real and meaningful reform that will become law rather than cast politically expedient votes. I am not afraid of making the tough calls. I want to make it clear that I strongly support campaign finance reform—real reform. And while I know the sponsors of that bill feel they brought forward the best they could do under the circumstances, in my mind, bad reform is not better than no reform. I oppose Federal financing of our elections, which would in effect turn politicians into a new class of welfare dependents. I came here to reform welfare, not expand it. I question why the Congress should seek to pass a bill that is almost certainly unconstitutional in many of its key reforms, and puts an