The Environment and Public Works Committee did its job. Senator LOTT did his job in calling the bill up for debate. But, it takes 60 votes to cut off a filibuster and pass a bill. We tried four times.

I am not enthusiastic about this short-term bill. It is a far cry from what we should have done earlier and what I hope we will do at our earliest opportunity next year.

But, we have to be realistic about where we are today. And we have to face the reality that the 6-year ISTEA reauthoritzation bill did not pass this year. Under such circumstances, I think that the majority leader would have been entirely justified in not bringing up and facilitating the passage of the short-term extension. He could easily say to Senators that we should stew in our own juice.

So as a Senator from a State severely affected by the failure to move ahead on ISTEA, I appreciate that he took the high road. The short-term bill will at least relieve the vulnerable position States would be in under no ISTEA authority at all.

But, I want the people of Utah to know that I will be working hard in the months ahead to support the Senator from Rhode Island and the Senator from Montana in the effort to get the 6-year ISTEA bill passed in the Senate and into conference with the House.

EXTENSION OF MORNING BUSINESS

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that morning business be extended until noon today.

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

Mr. MURKOWSKI. I yield the floor.

PRIVILEGE OF THE FLOOR

Mr. DORGAN. Mr. President, I ask unanimous consent that the privilege of the floor be granted to Ruth Fleischer and Andrea Nygren. Andrea Nygren is a fellow. I ask floor privileges be granted today to both these members of my staff.

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

The Senator from the great State of North Dakota.

Mr. CONRAD. I thank the Chair, and especially thank him for his characterization of my State.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. I thank the Chair.

(The remarks of Mr. CONRAD and Mr. DORGAN pertaining to the introduction of S. 1515 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

TRIBUTE TO DERIK FETTIG

Mr. CONRAD. Mr. President, I rise today for the purpose of recognizing the efforts of Derik Fettig, a legislative assistant on my staff who will be leaving the Senate at the end of this session. With his good humor and hard work, Derik has been a tremendous asset as we have worked on issues impacting North Dakota.

A native of Bismarck, ND and graduate of Colorado College, Derik joined my Washington office in May 1995, and was immediately drawn into some of the most important issues that confront our State. His portfolio—which includes water projects and disaster relief—bears witness to the fact that he has served at a critical time in our State's history.

Derik played a pivotal role in the aftermath of this year's historic disasters. He worked with the Corps of Engineers, as well as with the different mayors and local officials up and down the Red River Valley, to address the daily crises associated with what was dubbed ''Blizzard Hannah'' and the millennium flood. Even more significantly, he helped design and implement the Federal assistance strategy, which has provided the groundwork for North Dakota's long road to recovery and more than $770 million in Federal aid.

Derik has also been of great help with the ongoing water problems facing North Dakota. He has worked to ensure that the Federal Government responds adequately to the unfolding tragedy in Devils Lake. In addition, he has been the point person on my staff for producing a reformulated Garrison Diversion project. With Derik's able assistance, we have forged an unprecedented political consensus among North Dakota's elected political leadership on a revised plan to address the State's long-term water needs. And in the middle of all of this, he ran Grandma's Marathon in Duluth, MN.

We will miss you, Derik. I commend you for your tireless work and wish you the very best in your future endeavors.

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

The bill clerk proceeded to call the roll.

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

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

RIVER GOVERNANCE AND FISH WILDLIFE ISSUES FOR ELECTRICITY RESTRUCTURING

Mr. GORTON. Mr. President, late last week the distinguished Senator from Arkansas, Senator BUMPERS, and I introduced broad-based electricity restructuring legislation. Each of us spoke to that legislation at that time. We expressed the belief that this first bipartisan approach to a major national issue facing the country would trigger even more serious consideration than has been given during this first session of this Congress to that subject, and expressed the hope, which I repeat here, that it is an issue that will seriously be considered by both Houses of Congress during the course of the next year.

One major portion of that bill, S. 1401, is a title dealing with the Pacific Northwest fish and the management of the Columbia River system. I greatly appreciated Senator BUMPERS' willingness to put his name on those regional provisions, as he did in my case, I believe, with respect to the provisions dealing with the Tennessee Valley Authority.

This morning I wish to speak briefly on the fish and wildlife issues that are a part of S. 1401. The bill does not address, Mr. President, except in the most general way, the critical need for an improved ''river governance'' process, especially with respect to issues relating to fish and wildlife. This omission should not be misinterpreted. Legislation may well be needed in this area to assure that the multiple purposes of the Federal power system are protected together with the public benefits that they bring.

I hope that over the next several months the region can reach a consensus on these issues, including who pays the costs associated with needed actions. Bonneville ratepayers currently fund this effort through their power rates at a cost of $435 million a year on average, and their ability to make additional contributions to this effort and still meet other statutory obligations is increasingly constrained by an increasingly competitive, deregulated wholesale electric energy market. In forging a financing package, it will be important to look to all who benefit from this important natural resource to assume their fair share of financial responsibility, and to act consistently with sound business principles by holding administrative costs to as low a level as possible.

Money alone, however, is not the answer. Today, the salmon recovery effort is failing. It is failing because of a flawed process for decisionmaking. This process has conflicting goals. It disperses decisionmaking authority among many Federal and State agencies and tribes and has little accountability for cost effective results.

To make real progress, we need a regional plan; a plan in which all governmental interests—States, tribes, and the Federal Government—are partners, together with economic and environmental interests, for success. And success will mean the achievement of clearly defined goals measured by unambiguous results; results that rely on the best science of how to improve the survival of downstream smolts and that assure adequate escapement of returning adults to the spawning beds.

All northwesterners care about our salmon resources. We argue sometimes about the best way to reach our shared goals but it is vital to remember that we share the goal of preserving and protecting our anadromous and resident fish and wildlife while also providing a reasonable and continuing harvest for Columbia River tribes, commercial fishermen, and sports anglers.

I will continue to listen to the stakeholders interested in a comprehensive approach. I am aware that the region's Governors and their transition board may look to a group of ''three sovereigns''—Federal, State, and tribal—to construct such a framework, together with other economic and environmental stakeholders. This and other creative thinking on how to maintain both the economic and public benefits of the Bonneville system will be critical to Congress as we move forward with this legislative package.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

SIGNIFICANCE OF THE TRADE DEFICIT

Mr. MOYNIHAN. Mr. President, there has been considerable discussion on the Senate floor in the last week in the matter of the fast-track legislation, as we refer to it, about the trade deficit and the size of the present deficit and the projections that it will increase.

It has been suggested that this deficit began to take form in the context of the 1974 legislation providing fast-track authority to the President, and that to extend that authority would only be to continue and deepen that deficit.

My very good friend from Maryland has been I think of this view. My colleague and friend from North Dakota has proposed a commission to look into the whole matter, which can do no harm as long as we keep to the economics of this matter as it is now understood.

Many persons have opposed fast-track legislation because of the deficit, and it seems to me necessary, useful to put into the RECORD the fact that these are not in fact connected any more than in 1974 the fast-track authority represented some break in the Executive role in trade. It did not. From 1934 on, since the time of the Reciprocal Trade Agreements Act, the President has had one form or another of negotiating authority delegated to him by the Congress in the aftermath of the fearsome experience of the Smoot-Hawley Tariff Act of 1930, when we brought a tariff bill to the Senate floor and in the end disabled our own economy, or helped to do, and set the world economy into a downward spiral. If you would list five events that led to the Second World War, the Smoot-Hawley Tariff Act of 1930 would be one. And we have not had a tariff bill in the Chamber as such since 1930. We have proceeded in this mode, through periods of trade surpluses, trade deficits and relatively evenly balanced accounts.

The most important thing to state is that the current trade deficit is not a result of trade policy. It is a result of budget policy. It is a result of the decisions which I think now are behind us in which during a long 15 year period we incurred an enormous national debt in consequence of a long sequence of very large budget deficits. This is not to say that the budget deficit is the only determinant of trade deficit, but it is the key indicator of the matter because it is the relationship between domestic savings, which until this year has been substantially reduced by annual Federal deficits in excess of $100 billion, and domestic investment.

That is the key, but not only factor in the sense of which, as economists would say, the trade deficit is a dependent variable. I have a chart to make this point. It is not any more complicated than most of the charts we bring to the floor these days in the age of television.

In 1975, the United States was a creditor nation. We owned net foreign assets of some $74 billion. By 1996, we had become a debtor nation with a worldwide negative net investment of $871 billion. You go from a surplus to being a net debtor in the amount of almost $1 trillion. Foreign investors have more capital in the United States than we have abroad on balance, and that reflects the increase in our Federal debt.

In 1975, we had a Federal debt of $395 billion. In 1996, we had a Federal debt of $3.733 trillion. The net result was a trade deficit in a manner that is entirely predictable. What we understand about economics, the general consensus of economists is such that if you were to propose that such a change in net budget deficits would take place, the economics profession overwhelmingly would say then your trade balances will change in the same direction.

It is also clear that foreign persons will end up with the dollars that we need to borrow. Given that our savings rate is so low because our deficits are so high, foreign persons will end up with dollars to lend us only if they export more to us than we export to them.

Last week it was noted on the floor that an October 1997 report entitled ''The Trade Deficit: Where Does It Come From And What Does It Do?'' by Peter Morici, of the Economic Strategy Institute, a group founded in 1989, in effect challenged the traditional mainstream economic view that trade deficits are closely related to the imbalance between domestic savings and domestic investment. Again, I say, Mr. President, it is the mainstream view of economists that this is a pattern that is almost automatic; that the trade deficit is a dependent variable related to the level of domestic savings.

I am not going to argue, dispute the fact that the causes of the trade deficit are complex. To quote from Dr. Morici's report, he says, ''History seems to confirm the importance of multidirectional causality.''

Here is an able economist looking at the conventional wisdom, which I have been setting forth, and saying, ''No, matters are more complex than that,'' which one welcomes. That is how any science, any field of inquiry advances. When persons challenge the accepted judgment of the time, sometimes a new paradigm emerges.

But, in arguing the importance of multidirectional causality, Dr. Morici does not deny the importance of the deficits of the early 1980's. He writes.

> . . . the combination of Reagan Administration tax cuts and new defense spending increased the combined government current and capital account deficit from $34 billion in 1981 to about $146 billion in 1983, and the demands imposed by the U.S. Treasury on capital markets drove U.S. interest rates well above German and Japanese levels.
>
> High U.S. interest rates served the purpose of attracting foreign private investment to finance growing U.S. government deficits. * * *

I will take the liberty of repeating that sentence: ''High U.S. interest rates served the purpose of attracting foreign private investment to finance growing U.S. government deficits.''

> In turn, these foreign private capital flows created much increased demand for dollars in foreign-exchange markets and the real exchange rate for the dollar rose more than 50 percent. In large part, it was the appreciation of the dollar that caused the trade deficit to rise from $16 billion in 1981 to more than $100 billion a year from 1984 to 1988.

Dr. Morici's analysis points to the causality. It may be more complex than we now suppose, but basically, if you have as large a budget deficit as we ran in the 1980's, you will raise interest rates, your dollar will appreciate, and the result is a trade deficit.

Earlier, I was commenting with my friend from Michigan, Senator LEVIN, that the strong dollar of the 1980's seemed to many people a statement that somehow we had a strong economy. Just the opposite. And Senator LEVIN suggested, if we can, we get rid of that usage ''strong dollar'' or ''weak dollar' as if they were some reflection on the general state of the economy as against the price of money, which is what it is all about.

What has puzzled many is why the process has not reversed since we have brought the deficit down. Why hasn't the trade deficit declined as the budget deficit has declined? This is a fair question. However, economists have never argued that budget deficits caused trade deficits but, rather, that trade deficits result when domestic saving is not sufficient to support domestic investment.

In the early 1980's, it was easy to identify the huge Federal budget deficits as the source of the savings shortfall. Now it is more complex, but let me note several factors. We have a strong economy with expansion now in its seventh year. For the first time in