

the moment, however, to argue on behalf of foreign assistance for Cambodia while a government that took power via coup d'etat rules in Phnom Penh and the ousted FUNCINPEC party negotiates in the northwest with the Khmer Rouge. The administration must communicate more forcefully than it has to date to Hun Sen that his actions are unacceptable and it must meet with Prince Ranariddh while he is here in Washington at the highest possible level of government to convey our continued support for the democratically-elected government that was ousted. It must be reiterated that Hun Sen was made Second Prime Minister and the Cambodian People's Party given a sizable representation in Parliament not because of its popular support, which it lacks, but because of its history of extreme violence and willingness to employ that violence to attain its objectives. It must be illuminated the degree to which the international community bent over backward and the Cambodian people's interests sacrificed in order to bring the CPP into the coalition that was torn apart by the coup.

Mr. President, the tragedy that is Cambodia continues. The Senate as a body, the Congress as an institution, and the administration as this country's representative abroad must communicate the message that the recent events in Cambodia represent a reversal that cannot be accepted without a price. I, for one, stand ready to do my part.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

The PRESIDING OFFICER (Mr. ROBERTS). Under the previous order, the Senate will now resume consideration of S. 936, which the clerk will report.

The bill clerk read as follows:

A bill (S. 936) to authorize appropriations for fiscal year 1998 military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Cochran/Durbin amendment No. 420, to require a license to export computers with composite theoretical performance equal to or greater than 2,000 million theoretical operations per second.

Grams amendment No. 422 (to amendment No. 420), to require the Comptroller General of the United States to conduct a study on the availability and potential risks relating to the sale of certain computers.

Coverdell (for Inhofe/Coverdell/Cleland) amendment No. 423, to define depot-level maintenance and repair, to limit contracting for depot-level maintenance and repair at installations approved for closure or realignment in 1995, and to modify authorities and requirements relating to the performance of core logistics functions.

Lugar modified amendment No. 658, to increase (with offsets) the funding, and to improve the authority, for cooperative threat reduction programs and related Department of Energy programs.

Gorton amendment No. 645, to provide for the implementation of designated provider agreements for uniformed services treatment facilities.

Wellstone amendment No. 669, to provide funds for the bioassay testing of veterans exposed to ionizing radiation during military service.

Wellstone modified amendment No. 668, to require the Secretary of Defense to transfer \$400,000,000 to the Secretary of Veterans' Affairs to provide funds for veterans' health care and other purposes.

Wellstone modified amendment No. 670, to require the Secretary of Defense to transfer \$5,000,000 to the Secretary of Agriculture to provide funds for outreach and startup for the school breakfast program.

Wellstone modified amendment No. 666, to provide for the transfer of funds for Federal Pell Grants.

Gorton/Murray/Feinstein amendment No. 424, to reestablish a selection process for donation of the USS Missouri.

Murkowski modified amendment No. 753, to require the Secretary of Defense to submit a report to Congress on the options available to the Department of Defense for the disposal of chemical weapons and agents.

Kyl amendment No. 607, to impose a limitation on the use of Cooperative Threat Reduction funds for destruction of chemical weapons.

Kyl amendment No. 605, to advise the President and Congress regarding the safety, security, and reliability of United States Nuclear weapons stockpile.

Mr. THURMOND. Mr. President, we are now back on the defense authorization bill, S. 936. We are ready to take up amendments. I want to inform my colleagues, if you have an amendment, come to the floor and present it. We are ready to act on these amendments. We have to finish this bill this week. We have lots of amendments. If you want your amendment acted on, you better come to the floor and see about it, otherwise we are going to proceed.

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

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

Mr. KERREY. Mr. President, I rise to comment on one of the most important authorization bills to be debated by the Senate each year, the defense authorization bill. In fact, if you consider that the first duty of government is to assure the life and freedom of its people, then this is the most important authorization bill we will take up this year.

Our debate, like most of what we do on this floor, will eventually produce a

law. In our democracy, Mr. President, law is really our collective national imagining of how something should be. In this debate, America imagines its Armed Forces and crafts a law that authorizes their existence and shapes them to their tasks. This law has global reach and global consequences; so we should approach this debate with seriousness, with respect for those who serve, and respect toward those who wrestle with these issues on a daily basis.

Deserving respect in the latter category are our colleagues who serve on the Armed Services Committee. They have produced a good bill, on balance, and they have done an exceptionally difficult task in putting together this legislation because they have to consider not only the threats to the Nation and the nonnegotiable requirements to repel those threats today, but also to support the force that is already deployed, as they are in Bosnia. They also face tough budget limitations, along with the demands of competing bureaucracies and those in the private sector who supply equipment and services for defense. Our colleagues on the Armed Services Committee must balance near-term with long-term, readiness with research, and through it all keep their eyes focused on the overall good of protecting the Nation. Mr. President, I thank them for taking on this tough task and producing such a good product. I especially thank the distinguished Senator from South Carolina and the distinguished Senator from Michigan for their fine work on this legislation.

National strategy should be the basis for our consideration of the Defense authorization, and strategy is illuminated by history. We have a history, in the aftermath of decisive military involvement overseas, of withdrawing from foreign commitments. The surest sign of our withdrawal has always been the deep reduction of our Armed Forces. After World War I, we listened to our isolationist instincts, refused to join the League of Nations which our own President had created, and cut our military to the bare bones. Absent our leadership, Europe and Asia developed into a conflict which killed 50 million people—a conflict which only renewed American engagement could win. Again, after World War II, we deeply cut our military, only to be shocked into rearmament by the initial victories of Communist forces in Korea—forces which might well have been deterred had we kept our forces capable. Again, after Vietnam we deeply cut our forces but fortunately rebuilt them when it became clear that our military was less capable than our national strategy required. We wisely rearmed and created a force which outlasted the Soviet Union and won a historic victory in the cold war.

The clear lessons of history are: Stay engaged in the world and keep our Armed Forces congruent with the national strategy and with the threats we

face. In other words, we should not withdraw from the world—we should continue to lead, and an essential component of leadership is Armed Forces who can do what our strategy requires. Keeping those forces capable means sizing and shaping and equipping them to deal with the threats of today and tomorrow, changing and improving them so they can achieve their purpose.

Our forces have an overriding purpose: To defend the Nation. But they also have subsidiary purposes: To defend our national interests and to support the stability which shields prosperity and democracy. We Americans also expect our military to do more than just national defense. We expect them to maintain and embody our national leadership. We expect them to be the agent of America's desire to lead a response to anarchy or famine or other instances in which American values call for action. These are the American values the world loves and depends on, and our military delivers on them.

No other country on Earth has such a set of purposes for its armed forces, and no other country has the multifaceted, action-oriented, take-charge people in its military who can accomplish any or all of these purposes and think outside the box to do it better. Developing and nurturing such people is yet another essential task of our Armed Forces.

The military that can answer the tall orders we place it cannot be a static institution, and ours is not. It is not a status quo force. Some fail to see it, but in fact the U.S. military has become significantly smaller since the cold war. In 1990, there were 2,069,000 active duty service members. This bill authorizes 1,431,000 for fiscal year 1998. In 1990, there were 18 active Army divisions and 10 divisions in the Army National Guard. This bill authorizes 10 and 8 divisions, respectively, for fiscal year 1998. The number of Navy aircraft carriers has gone from 15—and 1 for training—to 22 and 1. Battle force ships have gone from 546 to 346. Air Force fighter wings have gone from 24 active and 12 reserve to 13 active and 7 reserve. My point is not to argue with these reductions, which made sense in terms of the threats and our commitments, but to note they occurred, and also to note they have been traumatic, not just for the communities in which they are located, but also for the services themselves.

Let me add parenthetically, whatever the size of our forces, they should be supported by logistics and infrastructure that reflects their size. If our forces get smaller, we should not retain unneeded military bases. I, therefore, support the distinguished ranking member's amendment to initiate a new base closure process. The money we can save on excess bases is a matter for debate, but excess bases hurt readiness regardless of money because they add requirements for our most precious resource: personnel.

Too much of what passes for strategic decisionmaking in defense these days is really about money. In my view, money is an issue only after you decide on a strategy and the military component of the strategy. The lesson of the cold war is, if we need something military to protect our country and achieve our strategic goal, we will pay for it, whatever the cost. In examining this bill and our strategic direction, saving money is not my highest priority. In fact, I don't think we spend too much on defense, given our global responsibilities and the size of our economy.

My question is whether we are spending it on the right things. We can answer it by reviewing the threats we are facing and will face in the future.

The top threat, the only threat that can instantly extinguish our national life and the lives of scores of millions of our citizens, is Russian nuclear weapons. The mission of U.S. Strategic Command is as essential as ever. It is the fashion to consign the cold war to the historic past, and Russia today is a friendly country. Indeed, the growth of prosperity and democracy in a friendly, peaceful Russia ought to be at the top of our strategic priorities—the potential for such a Russia is one of the principal fruits of the cold war. Conversely, a poor, unstable, chaotic Russia threatens our security because the command and control of nuclear weapons could be weakened. The likelihood of accidental launch or leakage of fissile materials into the hands of criminals or terrorists is increased. No aspect of the proliferation problem is more potentially threatening than the possibility that Russian fissile materials get into the wrong hands.

The Armed Services Committee has understood the connection between Russian nuclear surety and our own national security. The Nunn-Lugar programs are proof of that understanding and the strategic vision of those two statesmen and many of their colleagues. The cuts made in those programs in this bill suggest we may have briefly lost sight of that vision, and I will join with the Senator from Michigan in seeking to restore the requested levels.

Russian nuclear weapons are an incapable, obvious part of our strategic reality. We also face a serious threat of proliferation of weapons of mass destruction to rogue States, countries like Iraq, Iran, Libya, and North Korea. One appropriate response to the threat from these countries, when the threat matures and becomes specific, is missile defense. But there are other responses that should not wait, including advanced research and development on the detection and targeting of nuclear, chemical, and biological weapons. Our global responsibilities could propel us with little warning into a conflict in which these weapons, the so-called poor man's nuclear weapons, are present, just as we now know they were during the gulf war.

A third threat is the conventional capabilities of potentially hostile states, and analysis suggests to me these capabilities are in broad decline around the world, just as are the conventional capabilities of many allies. Most countries can stage a decent military parade. But there are few who can sustain ground combat operations or an air campaign lasting more than a few days.

Recent history, and I am thinking especially of the performance of non-United States NATO forces in the earlier UNPROFOR stage of Bosnia, shows there are not many armies willing to even engage in ground combat unless United States troops are in action alongside them. Likewise, the Russian invasion of Chechnya several years ago seemed to me to be a repeated instance of Russian troops who would not leave the safety of their armored vehicles and their artillery positions to fight on the ground. The Russians blew up a lot of things from a distance but they did not win the war.

I am most grateful American soldiers and marines still have the warrior spirit and have it in abundance, but I think we should recognize that this spirit, at least at this time in history, is far from universal. There are many armed people in the world who are willing to fight, but not generally on behalf of governments. The foreigners who are eager for a fight are likelier to be with Hizbollah or the PKK than with an established government. This reality, which may be only a temporary condition, should be reflected in how we shape our forces. We may be overstressing the likelihood of conventional conflict and understressing the unconventional, although the latter may be more likely. Let me add that unconventional operations have not been our forte, historically. As the nation-state declines in many regions and dissolves altogether in some parts of Africa, the potential for unconventional operations by U.S. forces grows larger.

Conventional naval threats also appear to be in decline. Certainly there are no naval forces in the world remotely close to ours in either size or capability. The Russian Navy is experiencing severe problems just in paying and feeding its sailors, much less getting underway. At least temporarily, we may have the world's last real navy. But the gradual emergence of the navies of developing powers like China and India present a more distant threat that bears watching. At the other end of the spectrum, unconventional and shore-based attacks on our warships are already a threat to our forces which, as in the Persian Gulf, must come close to hostile coasts to maintain regional stability.

Our global responsibilities, in the opinion of the administration, require us to be prepared to fight simultaneously in two major regional contingencies. Looking at the situation in North Korea, a regime which was described to the Intelligence Committee

in open session earlier this year by Lt. Gen. Pat Hughes, the Director of Defense Intelligence, as "terminal," I respectfully disagree with the two MRC assumption. I think the likeliest near term possibility is for a combination of one major and several minor simultaneous contingencies which could be inconveniently located in terms of our logistics structure. In my view, the soundest investment we could make is more airlift so we can rapidly force a favorable outcome in these contingencies, and better sealift to sustain them.

As we take on new international responsibilities our military should be appropriately tasked and shaped to carry them out. I note the Senate will soon consider the expansion of NATO. Our most significant new responsibility from this policy decision will be to be prepared to defend the eastern border of Poland. That is the guarantee we will make. It will not be a meaningful guarantee unless U.S. military forces are dedicated for this mission and train for it, and for all the logistic support which will also be required. I have yet to learn how this commitment, if we make it, will affect our force structure and what it will cost.

Every human environment is a potential military target or theater of conflict, and that includes the new environment of cyberspace, an environment which is essential to our national security and yet is an environment without international borders or government controls. If we are to defend our communications systems, our transportation systems, our power transmission systems, our medical care delivery systems, we must defend our national information environment, our public networks. Robust encryption is an essential part of the defense of this environment as well as its assured, secure use by consumers, the private sector, and Government. The Secure Public Networks Act, which Senator MCCAIN and I and others have introduced, aims to make set a global as well as a national standard for secure public networks. Our bill serves national defense as well as our commercial interest, and I commend it to my colleagues.

Mr. President, as the threats and the environments change, it is our duty, as well as that of the administration, to ask ourselves if our forces are designed and equipped in the light of today's and tomorrow's reality. What is the likelihood that our Army will have to conduct large-scale armored operations against an enemy like the Iraqis of 1991? Is the aircraft carrier the optimum fire support or air supremacy system in areas where we are denied access to airfields? What is the likelihood of a major amphibious assault in today's world, or a mass tactical parachute jump? What are the tactics and platforms best suited to achieve rapid, overwhelming victory today and tomorrow?

We have in our military officers who can answer these and many other ques-

tions essential to formulating the future of our forces. Our military education system trains officers to think outside the box. Will their political masters in the Pentagon and White House let them? Are we in Congress open to real change or does it present political risk to us that we would rather not face?

In the past, we have only made major positive changes in our military under the pressure of external threats. Now we have the opportunity to do it for ourselves. The seriousness of the tasks we assign to our military, and the quality and spirit of those who serve and who are willing—even enthusiastic—about going into danger for the rest of us, demand no less.

Again, Mr. President, I commend both the chairman of the Armed Services Committee, the distinguished senior Senator from South Carolina, and the Senator from Michigan, the ranking member of this committee, for their very constructive and important work. They have produced a good piece of legislation. There are some changes that I would like to make with their support, especially of the ranking member. But overall they have kept the faith with the people of this Nation and produced a piece of legislation that, if enacted, will enable the United States of America to continue to be safe and secure.

Mr. President, I yield the floor.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I commend the able Senator from Nebraska, who incidentally is the only Member of Congress who is a Congressional Medal of Honor winner, for the excellent statement he just made. It will be very beneficial to the country to hear a statement like that.

PRIVILEGE OF THE FLOOR

Mr. President, while I am on my feet, I ask unanimous consent that Ron Moranville, a legislative fellow on Senator MCCAIN's staff, be granted privileges of the floor during the debate of S. 936.

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

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, while the Senator from Nebraska is still on the floor, I want to add my voice to my good friend, the chairman of our committee, for his comments about the Senator's remarks. I only wish that every Member of the U.S. Senate could have been here to hear the Senator from Nebraska.

It is a comprehensive statement. It is thorough. It is intellectually solid. It is based, most importantly, on experience. There are some times theoretical statements that we hear that do not have that kind of a base and experience.

The Senator talked about old values of this country and new threats. He set

forth what these new challenges and new threats are. But he also underpinned our commitment as we hope to reflect in this bill with his help the old values which he has so superbly represented throughout his life.

I just simply want to thank the Senator from Nebraska for his commitment, for his dedication, for his patriotism, and for taking the time to set forth in a document, as he did this morning, and in speeches he gave this morning, some of the most critical challenges that this Nation faces.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, let me not miss this opportunity to join our chairman and ranking member in saying good things about our dear friend from Nebraska. I am glad I was over and got to hear part of his speech.

Mr. President, I have waited until we got to a lull in consideration of amendments to come over today and talk about an issue which is very important to me and to my State. But I think more importantly it is very important to our national security, and it is very important to the American taxpayer who is intimately involved in all of these considerations as the ultimate payer for all that we undertake.

I want to apologize in advance to my colleagues because I want to cover a series of issues here that are related to base closing and privatization.

We have had a protracted debate in the House of Representatives, most of which I would have to say I believe is based on a view of the facts that do not comport with my view, and I think don't comport with the facts. I think it is very important at least to have on record at one place as we enter into the debate, which ultimately will occur in conference, on what this whole issue is about and what it is not about, because I want our colleagues to know that this is not a dispute among Senators that are simply representing the views and interests of their States.

In my mind this is about a fundamental issue. I think when you cut through all of the rhetoric, when you separate out all of the random facts that are out there in the debate, that the ultimate issue is, do you believe in competition? Do you believe the taxpayer benefits from competition with a lower price? And do you believe that competition produces quality and excellence? If you do, you are for it. If you do not, you are against it. And it is my belief that these decisions about privatization ought to be made on that basis.

Having thrown a bunch of ideas out there that to any listener not involved in this sounds to be random, let me go back to the beginning, back to the 1995 Base Closing Commission report, and then come forward to the present, to the House action and where we are today, and basically try to set this whole thing in the context of facts. So let me begin with the base closing report.

As our colleagues are painfully aware—and especially if they represent a State as I do where bases have been closed—we adopted a bill establishing a commission to close military bases that were no longer needed. I was a principal cosponsor of that bill. I supported it. I have voted for each of the recommendations of the Base Closing Commission including the recommendations that closed five military bases in my State. I am committed to continuing the base closing process. I will be one of the Senators, assuming that Senator McCain and I can work out some language differences, who will be cosponsoring Senator McCain's amendment to reinstitute the Base Closing Commission.

So I do not want anybody to be the least bit confused. I am in favor of closing military bases to reduce the overhead that we have which is literally starving national defense, and in the process threatens our modernization and threatens our ability to maintain the pay and benefits that have allowed us to recruit and retain the finest young men and women who have ever worn the uniform of this country.

I intend, assuming that we can work out these minor language differences, to cosponsor the McCain amendment to reinstitute base closing, though it is very unpopular in my State, and very unpopular in the country. The bottom line is we have cut national defense spending by over a third, and we have closed only 18 percent of the military bases.

We have a huge overhang from the cold war in the bureaucracy in Washington, around the world, and in our own country, which makes absolutely no sense. We have more nurses in Europe than we have combat infantry officers in Europe. We have a huge overhang of resources, facilities, production capacity, and bureaucracy that ultimately have to be pared down to meet the defense needs of the Nation. And while I am not happy about doing it, while I worry that more military bases in my State will be closed, I am for it because I think the national interest dictates it.

I also believe it is a tragedy that cannot be avoided that the very communities whose support allowed us to operate military bases and facilities that won the cold war and tore down the Berlin Wall and liberated Eastern Europe and transformed the world are the very communities that end up being hurt by this process. But the alternative to this process is that we end up with a huge bureaucracy where we are spending our money to maintain facilities rather than to maintain defense. We have in terms of our "tiger," so to speak, our military strength today, too little tooth and too much tail. That is what the Base Closing Commission is about.

Having said all of that, let me go back to the Base Closing Commission Report of 1995. I want to talk about a base in my State. And then from that

I want to discuss this whole issue because I have never heard a debate since I have been here that has been more confused on what the real issues are than this debate about privatization.

Let me take you back to 1995. We are in the process of moving toward congressional and Presidential elections. The Base Closing Commission recommends, among other things, closing Kelly Air Force Base in San Antonio, TX, a huge facility with 14,000 employees. And they recommend two options. I want to read from the Base Closure Commission report, because one of the assertions that has been made in all this debate is that the President is trying to use politics to overcome the recommendation of the Base Closure Commission. There is only one problem with that assertion, and that is it is not true.

Now, when the Base Closure Commission in 1995 closed Kelly, they had two recommendations as to what to do. One was consolidate the workload to other DOD depots or to private sector commercial activities as determined by the Defense Depot Maintenance Council. In other words, the recommendation was to close Kelly Air Force Base and then either transfer its functions to another depot or put them out for private bids, and if under the procedures established by the Defense Depot Maintenance Council it is cheaper to do it in the private sector than to transfer it to a depot, DOD could do it that way.

Now, this is not me talking; this is not what I am in favor of. This is what was recommended by the Base Closure Commission.

Now, it does get confusing after that. You have a base closed, a big maintenance facility in California, and you have a big maintenance facility in Texas closed, Kelly Air Force Base, and President Clinton is running for reelection. Obviously, people in California are not happy about the base closing. Obviously, people in Texas are not happy about it. So what do you expect the President to do? Do you expect him to go around and say this is great? What the President did, which I would have to say 9 out of 10 politicians would have done, including many people on my side of the aisle, is he went out of his way to say, well, look, all is not lost. Maybe we can privatize some of these functions in facilities that are currently at McClellan or currently at Kelly. In other words, the President, in campaigning, did what any politician would do. He took the options of the Base Closure Commission and wrapped them in as pretty a package as we could wrap them and led people to believe that he somehow was going to support "privatizing these functions in place," which was a term that he used.

Now, those who oppose competition based on price and quality have seized on what the President did during the campaign and claimed that somehow that violated the principles of the Base Closure Commission. It seems to me that as politicians we are all familiar,

intimately familiar, practiced, in fact, in the skill of taking bad news and putting as pretty a face on it as you can. And what the President did all through the campaign in voter-rich California and Texas, two big States with huge electoral votes, is he talked about the potential for privatization. But I want to remind my colleagues that the President signed the Base Closure Commission report. We had some effort in my State to try to encourage the President not to sign the Base Closure Commission report. I am proud to say that I rejected it, refused to participate in it and thought the President had no choice, and in the end he did not.

But to somehow assert, as has been done in the debate in the House and to some extent here, that the President has tampered with the process by trying to put a pretty face on a corpse is just not fair, and it misleads people about this whole debate.

Now, let me outline what we are actually talking about. We are going to have a contract where maintenance work on the C-5 is put out for competition. If a private contractor can do it for less, it will be privatized to save the taxpayer money. Now, that private contractor can do the work anywhere they choose, and obviously one of the options that is going to be bid will be the option of using the C-5 hangar which exists at Kelly and nowhere else—it would cost \$100 million to rebuild it somewhere else—and doing the work not with Government employees but with private employees. They will not get the contract if they cannot do it for less.

So what is the issue here? Well, some people say the issue is DOD is not following the Base Closure Commission report because they are not closing Kelly Air Force Base. They are not closing McClellan Air Force Base. Well, look, we all want to take facts and try to use them to bolster our argument, but this is not true. No one is proposing that we not close Kelly Air Force Base. No one is proposing that we not close McClellan Air Force Base. There are a lot of people in San Antonio, there are a lot of people in Texas, there are a lot of people in California who would rather not close these bases, but there is no debate about it. The debate is about this: Should private industry have a right to compete for the work that will no longer be done by the Government at Kelly and McClellan? That is the question. So nobody is saying do not close the military bases. To listen to the debate in the House, you would think that is what is being proposed.

Now, that brings me to the next point I want to make. All throughout the debate in the House of Representatives reference was made to a GAO study entitled "Air Force Depot Maintenance: Privatization in Place Plans Are Costly While Excess Capacity Exists."

Now, might I say that this is so typical of GAO work, because what happened is somebody asked GAO to do a

study that in essence said, if your whole objective is to reduce Air Force overhead, would you want to consolidate or would you want to privatize? Nobody asked the question, if you want to save the taxpayer money, if you want to improve quality, what would you do? But to listen to the debate in the House of Representatives, where over and over again people held up this study, you would think that the General Accounting Office had concluded that having the Government do this work rather than having a public/private competition, where we would decide who does it based on who could do it better or cheaper, that GAO had looked at this option and had decided the Government could do it better.

Now, when you actually look at their study, you find, in fact, that is not what the study looks at at all. What the study basically looks at is, if your objective is to reduce the level of overhead in depots, what you would want to do is consolidate. If your objective is to reduce the amount of excess capacity in private industry, as if that is our concern, you would want to consolidate into the depots. But when they get down to cost, all they can say is that "Air Force planning has not progressed far enough to compare precisely the cost of privatization of depot workload in place with the cost of transferring the work to other unused depots."

So, in other words, all the GAO study says is if the only options are to close Kelly and McClellan and transfer the work versus keeping them open, operating at the same cost, you ought to close them and transfer the work, especially if your sole objective is to reduce overhead. I do not disagree with a word this study says, but the problem is it does not have anything to do with the debate that is being conducted. The debate is not about excess capacity. The debate is about cost. The debate is about dollars and cents: Is it cheaper to have public/private competition, or is it cheaper to simply have the maintenance work done in Government depots?

Interestingly enough, there was another study on this subject which was never referred to in the debate in the House, and this is a July 1995 study done by the Congressional Budget Office. I want to remind my colleagues this study was done before the Base Closure Commission report and was in no way colored by anybody trying to tilt the evidence in favor or against privatization.

Now, the CBO study basically concludes, comparing the public sector, where the Government does maintenance work with Government employees, versus the private sector, that "shifting depot work to the private sector might reasonably be expected to save \$1 billion annually in the long run."

In other words, you have two studies. One looks at whether or not to close a facility and shift the function, where those are the only two options—and

which is not what we are debating at all. The other study tries to look at competition between the public sector and the private sector in doing this work, and—something that should not come as startling to an American—competition means lower prices and higher quality, and this study projects about \$1 billion of savings from competition once you fully implement competition.

Let me summarize then what the real issue here is about. The real issue here is not about closing two Air Force maintenance facilities. Nobody is arguing that these two bases should not be closed. But what is being argued, and being argued with some passion, is whether or not we ought to look at the least costly way of doing this work. Should we simply close these two military bases, which everyone supports, and shift the functions to other Air Force maintenance facilities, or should we put out this work for bids, and if it can be done cheaper in a Government depot, do it there, and if it can be done cheaper by the private sector, do it there?

That is what the issue really is about, but you would never know it from the debate. The debate we hear really goes in two directions. One, we are talking about keeping bases open that the Base Closure Commission closed and that violates the agreement. Nobody is talking about keeping the bases open. They are going to be closed. We are going to bring down the flag. The military personnel are going to be shifted. Nobody is debating that option. The question is, should we allow a private contractor, who would come in and lease a facility that will belong in this case to the city of San Antonio, a C-5 hangar that does not exist anywhere else in America, should a private contractor be able to come in and lease that facility and compete with other private contractors and with the Government to maintain, for example, the C-5?

That is the question. Obviously, if we have private competition, that is going to mean that our remaining depots are going to have to compete.

I am not going to get into the business of trying to determine the intentions of our colleagues. I never try to impugn anybody's intentions. But let me talk specifically about that issue. I have proposed a compromise that I think makes sense. In this sort of supercharged environment where this has become one State versus another, we have not yet worked out a compromise, but I wanted to outline what my compromise is because I think in the future we are going to have to come to some conclusion here.

My proposed compromise is the following thing. We have in this bill a requirement that 50 percent of our maintenance work be done in Government depots and no more than 50 percent be done by the private sector. This is an arbitrary provision. It ought to be repealed. We ought to make the decision

based on defense needs and cost. But what has really happened here is that at the very time when defense spending is being cut, you might initially believe that, well, with defense having been cut by a third, we have all been forced to make tough decisions, and in the name of a strong national defense and in the name of the security of the United States, we are all forced to make decisions about cutting overhead and waste and protecting special interests, dropping that so that we can get the most return we can on our defense dollars. You might think that would happen. But I am sorry to say that I think there is every evidence that exactly the opposite has occurred, that what has happened with defense spending declining is that our defense facilities and the people who live in those communities and those who represent those communities have started to view defense like welfare or an entitlement, that somehow because you have a defense maintenance facility, for example, that you are entitled to the work and the fact that we have less of it makes you more entitled.

So what we have seen in the House is sweeping language that would bar privatization and price competition for all practical purposes, forcing the Air Force to do something they do not want to do. The Secretary of Defense, the Secretary of the Air Force, the uniformed leadership, the Joint Chiefs of Staff, the people who are trying to preserve a strong defense desperately want the ability to engage in price competition. They understand we won the cold war because the private sector can do things well. So what they want to do, with the limited amount of money they have, is take a requirement and put it out for competitive bids and get the most return we can by having competitive bids. So that, if a depot in some State wants work, they have to prove they can do it cheaper than any other depot or than any other private sector person who might do that work.

I have offered to our colleagues on the other side of this issue to sit down with them and define a level playing surface, so that we can be absolutely sure that this is going to be a fair competition. But, basically, what has happened, I am afraid, and I am unhappy to say, is that increasingly defense is being viewed as an entitlement or welfare program, where, as we have less of it, rather than spending our money more efficiently, there is a demand to protect the interests of individual communities and individual military facilities. If we follow this procedure, we are going to end up with a less effective military force, we are going to end up with less procurement of new equipment, we are going to end up with poorer pay and working conditions, we are going to end up with a military that does not represent the best and the brightest in our society.

What my proposal has been is the following: Leave this division of public/private work in place, at least temporarily. I would have to say that logic

dictates that we ought not to have any arbitrary division, that it ought to be done based on competition. But my proposal is the following, that within this arbitrary division set out in law, in our bill 50-50—no more than 50 percent can be contracted out—leave that provision in place, but add a provision that says that, if a private contractor using a level playing surface that takes into account all costs, where a bidder has to have a firm, fixed price and where you don't pay them if they have a cost overrun, they have to eat it, and where you impose a fine and other penalties on them if they don't meet quality requirements and a timetable, including disbarring them from doing defense work, then have a full and fair competition, however we want to define it. I would define it to include all costs, including retirement and overhead, and require the public and the private sector to have fixed-price contracts, and then make them live up to the contract.

I am trying to work out a compromise and break this impasse that not only fractures the Senate and House but that threatens our national defense efficiency, in my opinion. What I am willing to say is, OK, stay with the 50-50 arbitrary division except in the cases where the savings are 10 percent or greater. In other words, begin with a presumption that it is worth 10 percent to have the Government do it, but if the private sector can do it for more than 10 percent less than what the Government can do it for, let the private sector have the contract. In other words, give a 10-percent bias toward the Government. If you really are concerned about efficiency, it seems to me that is more than a reasonable proposal. What it would say is that any time the Government in its depots can do the work within 10 percent of what the private sector can do it, we leave the existing restrictions in place. But in those cases where the savings are at least 10 percent or more, let the private sector have the opportunity to bid on it and, if they win the bid by that margin, let them have the work.

That is, I believe, the ultimate solution to this problem. I don't think it makes sense economically. I think it is tilted toward Government procurement, Government provision of maintenance. But to try to reach a compromise, it is what I am in favor of. But let me make it clear, not only do I believe the position I have taken is right for America and right for the taxpayer, but the idea that companies in Texas or anywhere else don't have a right to bid on work and, if they can do it cheaper, get the contract is so alien to everything that I believe and everything that I believe is in the national interest that, if there is any provision in this final bill that stops competition, that precludes price competition to benefit the taxpayer, I am going to vigorously resist.

Also, I might note that the President has said that he would veto the bill if

such a provision were in it. I hope my colleagues, at the very time when we are all down here bemoaning the decline in defense spending and the threat it poses to our security, I hope we are not going to put ourselves in a position where we are defending special interests and the President is vetoing the bill because we are more concerned about the pork barrel and treating defense like welfare than we are concerned about providing for the national defense.

Let me go to the final point. So confused has this issue become that we now have colleagues who are saying that they are not going to support another base closing commission because of what the President supposedly has done about the last one. Our chairman of the Defense Appropriations Subcommittee, TED STEVENS—we all know and admire him—he is quoted in today's paper in the following way: "Senator TED STEVENS, Alaska Republican, said there will be no further closure until Mr. Clinton backs off his plan to protect bases in California and Texas."

Let me respond by saying, obviously the President, like any good parade leader, when the Base Closing Commission proposed one of the options being price competition, the President grabbed his baton and got out in front of the parade. He just thought it was a great idea and he thought that we would almost certainly do it. And he was for it. He was very much for it. Because people were getting ready to vote on whether to renew his contract or not.

But it is not what he said that is important; it is what his administration did. The point is, they didn't do it. All they have said is that they want to follow the Base Closing Commission report where they would put out bids, and if the private sector can do the work on these closed military bases, or anywhere else, cheaper than the Government can do the work internally, they want to do it.

So, are we going to base the public policy of the country on political posturing by a candidate for office during a contested Presidential election? The plain truth is, the President said over and over he was for privatization and he believed that contractors at these bases would win the competition. But he didn't change Government policy. He didn't say we are going to write the proposals so that they have to win. In fact, the Defense Department believes, our Secretary of Defense believes, the Secretary of the Air Force believes, the uniformed services believe, that we could save as much as 30 percent by having price competition.

So, what a terrible confusion we find ourselves in, where we are talking about not moving forward with necessary policy because the President, taking the best provisions of the Base Closing Act from a political point of view and trying to hide behind them, somehow confuses people. We are going to let a contract on C-5 maintenance.

If it can be done cheaper by the private sector, it will be done by the private sector. If it can't, it won't. Now, if it is cheaper to be done by the private sector—and I believe it will be substantially cheaper—but if it is, do I expect the President to make a statement about it and say: I am delighted that a private contractor in California or Texas or Timbuktu has gotten this contract? Yes, I expect him to do that. But does that change the fact that the taxpayer has benefited? That defense has benefited? No. So, I urge my colleagues to go back and look at this issue.

A final point and I will yield the floor. This is not, in my mind—and I believe demonstrably it is not a fact—to say that this is a dispute between the Senators who represent Texas and California on one hand and the Senators who represent States that have Air Force depots on the other hand. In fact, I had the great privilege, as our distinguished chairman will remember, of serving on the Armed Services Committee for 6 years. Every day in every way on every issue, I supported privatization as a member of that committee. Now, granted, if the situation were reversed and we had closed a maintenance facility in some other State and we were moving it to Texas, my position would be more difficult than it is today, because the national interest and my State's little special interest would be at least partially on a different side. But I don't believe that my position would be any different than it is today. I cannot imagine that I would ever oppose price competition as a way of getting the largest return on our dollar. I hope, if the day ever comes that I have to go against something that I believe in as strongly as I believe in price competition, that maybe I'll get out of the way and let somebody else do this job.

The point I want to make in concluding is this is not a dispute among States. Granted, everybody can look at this, this collage of facts and political posturing, and they can pick and choose what they want. They can take reports that do not have anything to do with price competition and say, "You see, it's cheaper to let the Government do it and have no price competition." Anybody who has lived in America for more than a day would know this can't be right. But you can do that. You can take political posturing and make whatever you want to out of it. But, when you get down to the bottom line, this is a debate about price competition, are you for it or are you not for it? I'm for it.

Let me say, I want to work something out. This ends up, in a sense, pitting me against some of the Members for whom I have the highest affection. There is no Senator I love more than the Senator from Georgia, Senator COVERDELL, or Senator INHOFE from Oklahoma. I was instrumental, as chairman of the senatorial committee, I think, in helping to elect both of them.

I want to work out an agreement where everybody can feel that we have a good national policy, and their interests are protected. If there is a legitimate concern about full and fair competition, if people are in any way concerned that the Air Force is going to tilt the competition to benefit private contractors at the expense of depots, which I don't believe because I think every pressure will be in the opposite direction, but the point is, if people are concerned about that, I am willing to sit down and work with them and come up with an ironclad system.

I am willing to bring private accounting firms into the certification process to guarantee that it is a fair competition. I am willing to do whatever we have to do to safeguard the competitive process. But I am not willing to let what I perceive to be special interest treat defense spending as welfare and say this belongs to us, even if we can't do it better, even if we can't do it cheaper, that the fact that we have done it means that we ought to have it forever.

We all have to resist that. We all have to represent our States. That is why we are elected. But we have to also look at the overriding national interest.

I wanted to come down today and go over all these issues because someday, the Senate is going to have to reach a decision on this. I think as it stands now, this decision will be made in conference. I hope that we can, in conference, preserve the ability to have price competition. I am hoping that next year, we can sit down and work out an agreement where everybody believes and is confident, to the degree we can make people confident, that their individual interests are protected.

But the issue here is not preventing base closures. We are going to close the bases. The flags are coming down. We are already moving people. Nobody is disputing that. Despite all the political rhetoric to the contrary, we are closing these bases. The question is: Should we use price competition to determine whether some of their functions go to other bases or whether they go to the private sector? And the Base Closing Commission recommended that we do that. So nobody is here trying to override the Base Closing Commission. What we are here trying to do is to implement the Base Closing Commission recommendations.

We all, obviously, look at an array of facts, and we often try to take the facts that bolster our case. I think that is only human nature. But I believe that if a person gathers all the facts and cuts through all the irrelevant issues and gets to the bottom line on this issue, it is: Do we believe in competition? Do we believe that we can maximize the effectiveness of national defense by having public-private competition where the best provider at the lowest price wins? I believe we do. I believe that is the principle that most

Members of the Senate and the House believe in.

I wanted to take the time today—and I thank my colleagues for their forbearance in this lengthy speech—to at least get on the public record what one Member believes the facts to be. I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Who seeks time?

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

The Senate continued with the consideration of the bill.

Mr. DODD. Mr. President, I offer my congratulations to my friend and colleague from South Carolina, the distinguished chairman of the committee, and Senator LEVIN and others who have done, I think, a wonderful job in putting this bill together. I commend them for it. It is comprehensive, from a parochial standpoint. There are issues in my State that are addressed in this defense authorization bill which I think are extremely important from a national security standpoint, maintaining an industrial base, the teaming approach, the creative approach that the Defense Department has come up with that Electric Boat Division and Newport News in Virginia have joined together in a teaming process for the next generation of submarine technology that will allow both of those industrial bases to maintain their viability well into the next century.

Mr. President, stepping back a bit and looking at the Defense authorization bill as a whole, I'd like to complement my colleagues, Senator THURMOND and Senator LEVIN, the chairman and ranking member of the Armed Services Committee for bringing to the floor a bill that provides for the Nation's defense in a sound and fiscally responsible manner.

Let me comment on several provisions of the bill in particular.

First and foremost, this bill supports the submarine teaming plan which will save hundreds of millions of taxpayer dollars and keep our current submarine industrial base viable for the near future. The Navy estimates that this teaming plan will save \$650 million, or about half a submarine, when compared to straight competition. That's a fact, and it has not been disputed. In this era of cost cutting, teaming on submarines is clearly the best course. Moreover, if at some point in the future there is enough work for full com-

petition between two submarine builders, only the teaming plan will ensure that two submarine builders still exist.

It is far too early, however, to become complacent on this matter, for high hurdles remain, but I plan to do my utmost to make sure that this plan, fully backed by the Navy, becomes law.

On a related matter, I'm glad to see that we are on track in authorizing funds to complete the third and final *Seawolf* submarine. Just last week, Electric Boat in Groton, CT, turned over to the Navy the U.S.S. *Seawolf*, the first submarine in the class and the most advanced submarine in the world. It once again demonstrates that the Nation looks to Connecticut to produce the world's finest equipment for the world's finest fighting forces.

This bill also calls for 36 UH-60 Blackhawk helicopters, a testament to the continued need for these versatile aircraft used by nearly every branch of the Armed Forces as well as a host of countries around the world. Also, these helicopters are ever-present in disaster relief operations, from the wildfires in California to the floods in the Dakotas. This bill will ease a bit the National Guard's massive shortfall in modern helicopters. Any National Guard adjutant general will attest to the outstanding capabilities of these helicopters, especially when compared to the aging, Vietnam-era UH-1 Huey helicopters many units may be forced to continue to use for the coming years.

Finally, this bill holds off on more rounds of base closures and I support that position. Although I've stood behind base closure rounds in the past, we don't have a good handle at this point on the costs and benefits from those previous rounds, so I'm disinclined to go forward. The GAO has found that, while there are probably eventual savings that accrue from BRAC rounds, the specific amounts cannot be pinned down from the available data. Furthermore, GAO has found that environmental cleanup costs have been underestimated and revenue from land sales has been overestimated—both resulting in lesser savings than DoD had initially calculated.

That is why I have signed onto an amendment offered by Senator DORGAN that has the support of both the majority leader and the minority leader. The amendment simply requires that we closely examine the data from the four previous base closure rounds as well as the shutdowns scheduled over the next year before we go forward with additional rounds. This doesn't seem too much to ask when we consider the difficulties that confront communities that surround a military base on the closure list. We owe it to those communities to provide accurate estimates rather than the more familiar overstatements of savings used to justify their extreme hardship.

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

The PRESIDING OFFICER. The clerk will call the roll.