

its greenhouse gas emissions. Those credits will be worth cold, hard cash in the world market that will be established under the treaty. In contrast, the United States currently has no system by which the company will gain credit for the gains. The result will be that more efficient, more competitive technology will be driven overseas.

The agreement in Bonn also has probably made millions of dollars in U.S. investment worthless. A number of our large corporations have invested heavily in forest conservation on the assumption that they would receive credit for these forests' ability to pull carbon out of the atmosphere. In Bonn, however—without the U.S. at the table—credit for forest conservation was written out of the agreement.

After the agreement at Bonn, it will take a lot of work to convince the other nations of the world to reopen the negotiations to U.S. participation.

We can begin by creating a credible domestic system that can work in parallel with the Kyoto Protocol so the United States remains in tune with the remainder of the world as we move forward. Such an approach must move beyond our laudable but inadequate voluntary efforts. As we saw with the Rio Treaty, which former President Bush supported and the Senate ratified in 1992, voluntary programs unfortunately do not work. Instead, Senator McCain and I believe that we need a set of standards requiring action. We need an economy-wide cap and trade approach. In contrast to the current international agreement, such a system will take the interests of the United States into account.

I also believe having such a system in place will much better enable us to negotiate an acceptable international agreement with the Kyoto participants when the U.S. does come back to the table. If we do not have our own domestic cap-and-trade system, our companies will be years behind the rest of the world in operating within the system and therefore disadvantaged when we join an international agreement.

The bona-fides of a cap and trade approach are impressive. I was involved in the drafting of the cap-and-trade program in the Clean Air Act to reduce acid rain—one of the most successful environmental programs on the books. Recent reports from the CBO and the Resources for the Future espoused such an approach. Progressive companies such as British Petroleum have greatly reduced their greenhouse emissions by using their own internal cap-and-trade markets. And no less authority than the Wall Street Journal has endorsed such an approach to address our climate problems, stating that the Bush Administration should "propose a domestic cap-and-trade program for carbon dioxide that could, of course, be easily expanded to Canada and Mexico." It would be a giant step forward if the Bush Administration would make such a proposal to the next international meeting on climate change in Marrakesh, Morocco during October.

If we adopt a cap and trade system, we will create a market by which corporations will receive valuable credits for efficient investments. We also will create a market by which corporations can receive credit for the laudable investments they have made to date. And we will unleash the power of that market to drive the United States back into its leadership position in the international effort to avoid the worst effects of one of the most serious environmental problems the world community has ever faced.

I look forward to working with Senator McCain when we return in September as we meet with environmentalists and representatives of the various sectors of our economy who are currently generating greenhouse gases. We will ask them to help us fashion a cap and trade system that will work.

Together we can and will meet this historic test and protect our children and grandchildren, and all who follow on the Earth, from the real dangers of an overheated planet.

Mr. President, I ask unanimous consent to print the Wall Street Journal editorials in the RECORD.

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

REVIEW & OUTLOOK EMISSIONS IMPOSSIBLE?

While Genoa burned—a topic we take up at greater length in the space below—bureaucrats in Bonn continued to fiddle with a dead treaty, the Kyoto Protocol on global warming. Japan and Europe appear more determined than ever to resuscitate the treaty without the United States. At the risk of sounding flippant, we ask: Why bother?

The whole idea behind Kyoto is puzzling at best, outrageous at worst. Why require the nations of this planet to spend the hundreds of billions of dollars necessary to reduce carbon dioxide and other emissions when we don't even know if the earth's climate is getting permanently hotter or if that temperature change is caused by human activity or if that change is even dangerous?

Why, indeed. Except that if new and more sophisticated research proves that human-generated greenhouse gases are a menace to civilization as we know it, then it is better to start now to control them and far better to do so in the most cost effective fashion. And that's why we harbor a certain fondness for one part of the Kyoto treaty—emissions trading.

Emissions trading—part of a package called "cap-and-trade"—is one of the incentive-based market strategies that has been developed as an alternative to traditional fiat-based, nanny-sez-so regulation. The idea is simple: a lower level of pollution is agreed upon and targeted; permits reflecting that level are issued, or even sold, to polluters; firms that produce emissions below their targets can sell their excess permits to firms that exceed their targets. Firms have a straightforward incentive to come up with emission-reducing innovations because they can keep the financial rewards of their innovation through reduced abatement costs, reduced payments for emission permits and/or selling unneeded permits.

Thus, by providing flexibility and financial incentives, cap-and-trade program will result in more abatement from those firms who can do it at relatively lower cost and less abatement from those firms who can only do it at

relatively higher cost. The net will be the same amount of overall pollution reduction, but achieved at lower cost than would obtain under traditional regulation.

And cost is really mega-important. Consider the tab if—as mandated by Kyoto—the U.S. had to reduce its carbon dioxide emissions 7% below its 1990 levels by 2012. Without the ability to buy permits from other countries, compliance would have to be achieved mainly by switching from coal-fired plants to natural gas plants, resulting in the premature retirement of tens of billions of dollars of capital stock, the zooming of energy costs throughout the economy, and the loss of millions of jobs. According to the Energy Information Administration, the cost could be as much as 4% of GDP.

Now, however, consider the cost if the U.S. could meet its targets by buying permits from other countries. In a scenario offered back in 1998 by the Clinton Administration's Council of Economic Advisors, if the U.S. buys permits for its "excess" emissions—so that it doesn't have to reduce by very much its own emissions—the cost would be only 10% of GDP.

If you doubt these estimates—and we agree that the models they are based on are technically complex—then how about a real-life example? Look no further than the fabulously successful cap-and-trade program for sulfur dioxide. The program, which was started in the U.S. in 1995 as part of the effort to cut the emissions that cause acid rain, saves about \$700 million annually compared with the cost of traditional regulation and has been reducing emissions by four million tons annually. When the program is fully implemented, sometime over the next couple of years, cost savings should be as much as \$2 billion a year—that's twice as much as originally estimated by the EPA.

In fact, the idea of emissions trading to reduce pollution has proved so attractive that some firms—which are under no legal obligation to cut greenhouse gases—have begun to set up programs for internal trading of permits. For firms interested in external trading, there are already several "precompliance" markets where permits can be traded across companies and across national borders.

So, who needs Kyoto? While whatever number of government bureaucrats are filling the air in Bonn with carbon dioxide, the private sector is going ahead with its own cap-and-trade solutions. Not surprisingly, European leaders would rather bureaucrats control the ebb and flow of private sector emissions and have bad mouthed cap-and-trade proposals in the past. Recently, however, even the Euros are beginning to see the light.

President Bush got it exactly right when he dissed Kyoto. And after Kyoto is pronounced dead in Bonn, the Bush Administration should propose a domestic cap-and-trade program for carbon dioxide that could, of course, be easily expanded to Canada and Mexico. And then to Latin America. And then the world.

ARSENIC IN RURAL WATER SUPPLIES

Mr. STEVENS. Mr. President, yesterday the Senate passed the Appropriations bill funding the Environmental Protection Agency and other departments. I have grave concerns about a provision in that bill, the amendment adopted by the Senate that directs the EPA Administrator to establish a new national primary drinking water regulation for arsenic. This is a slight

modification from the House version of this bill, which requires the Administrator to establish this standard at the level set by the previous administration—10 parts per billion. While the Senate language is not that specific, I still have grave concerns over the direction Congress is heading on this issue.

I understand that 59 public water systems in Alaska, most of which are in rural villages, have naturally occurring, background levels of arsenic in their water supplies that substantially exceed the 10 parts per billion standard. If Congress imposes this standard or a similar one on these villages, they will need nearly twenty million dollars to purchase modern, high-tech water treatment facilities. This is money that will otherwise be spent on their more immediate water and sewer needs, including safe wastewater systems. We are moving many rural villages off of honey buckets, but many people on the haul system still have to cart their own untreated wastewater from their homes to local collection bins, where it lies until the city takes it to a sewage lagoon on the outskirts of town. I know of one village in rural Alaska where a young girl was playing near one of these wastewater collection bins when she scratched at a mosquito bite. She developed a bacterial infection and later died. We are making good progress towards getting her village on to a safe, centralized water and wastewater system. Congress should allow areas without reliable sanitary water supplies to address those needs before turning to the relative luxury of removing a few parts per billion of naturally-occurring arsenic. I invite any Senator who disagrees with me to join me on a trip to rural Alaska where they can see these challenges first hand.

I can foresee another unanticipated consequence of a national arsenic standard applied in rural Alaska. There are no toxic waste facilities available to process the arsenic after it is taken out of the water. We can not drive it away because these villages are not on the road system. The arsenic will end up in the local landfill on the edge of town, next to the sewage lagoon. Like a lot of other things that end up in the landfill, the wind will blow it around town, where it will end up in homes and schools. This arsenic may do far more harm to people in rural Alaska than if we were to just leave it alone.

I intend to seek a modification in conference that will recognize the practical problems of forcing a national standard on the most remote, rural areas of the country. We should not turn away from the most pressing sanitation needs in order to impose an unfunded mandate on rural areas, especially one that may result in a greater health risk than the one we are trying to address.

IN MEMORY OF PAUL R. CAREY

Mr. SCHUMER. Mr. President, I rise to draw the attention of the Senate to the recent passing of Paul R. Carey, an extraordinary public servant and New Yorker who died on June 14th at the age of 38 after a long battle with cancer.

Paul Carey was a Commissioner of the United States Securities and Exchange Commission at the time of his death. Previously, he served in the Clinton White House as Special Assistant to the President for Legislative Affairs, and before that as Finance Director for the northeastern United States for the 1992 Clinton-Gore campaign.

Commissioner Carey was a scion of a great New York family whose patriarch is my friend and political hero, the distinguished former Governor of New York, Hugh L. Carey.

The loss of Paul Carey at such an early age was a blow to the causes he fought for as an SEC Commissioner and White House official, and of course to his loving family and his literally thousands of friends, who mourned him at a mass of Christian burial at St. Patrick's Cathedral in New York on June 18th, and celebrated his life at a memorial service here in Washington on July 25th. Governor Carey and his family honored this Senator by asking me to participate in the memorial service, which was a wondrous event whose other celebrants included former SEC Chairman Arthur Levitt; Senator CLINTON; former President Clinton; Governor Carey; and an audience of hundreds of colleagues, Members of the Senate and the House of Representatives, and other loved ones.

All of the remembrances shared at the memorial service were special and poignant, but none could have been more moving or inspiring than the remarks of Paul's father, Governor Carey. He told the uplifting story of the life of a truly gallant young man.

I ask unanimous consent that excerpts of Governor Carey's remarkable statement be printed in the RECORD. And on behalf of the Senate, I extend our thoughts and prayers to the Carey family on the loss of their beloved Paul.

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

EXCERPTS FROM REMARKS BY FORMER GOVERNOR HUGH L. CAREY

This extended gathering of Paul's family, both the Carey family and his extended family in public service, has been a wonderful tribute to Paul. On behalf of our family, I would like to thank Rev. Coughlin, President Clinton, Senators Clinton and Schumer, Arthur Levitt, Jim Molloy, Mark Patterson, Janet Howard and the many great friends who were responsible for this day of remembrance—and it is, we feel, a celebration, with no remorse, no regret.

When he was about 3 years old, Paul showed signs of the peripatetic propensity he would continue throughout his life. After finding that he was wandering to the neighbors' houses at all hours, his mother fastened a small cowbell to a soft ribbon around

his neck. So it became the custom in our house to listen for the bell and to ask, "where's Paul?"

Over the years, Paul's whereabouts gave us some concern but even greater satisfaction. When we took summer vacations, while others took lessons in swimming and water-skiing, he would accompany his mother to Camp Shelter Island, volunteering with disabled teens and adults. Summer after summer, he began to learn, and to show us, his great capacity to help others.

In 1973, Paul's mother—who was then waging her own battle with the illness that was to take her the next spring, and later Paul—was eager to see the family under one roof. She decreed that the Congressional career had separated us too often. By agreement, we decided to give up Congress for an office that would give the family a home. So we committed, against all odds, to the race for Governor of New York.

It was in that 1974 campaign that Paul's appetite and zeal for his avocation—campaigning—started to shine. He and his 11 brothers and sisters took to the road in a Winnebago, bringing the Carey campaign message to county fairs all summer long. And he never stopped reminding me that of the 62 counties in New York State, I carried all but the one I had to canvass on my own after sending my children back to school in the fall.

Later, after his graduation from Colgate, Paul embarked on a career in finance. I rejoiced in the thought that my future comfort was assured by the prospect of a string of successful IPO's. But after he faced his initial surgery and the prospect of a life-threatening illness, he was determined to pursue a life in public service. When he told me he was offered a fundraising position in a national campaign, I tried to steer him away, but swallowed my initial advice when I saw his great enthusiasm and success. Indeed, he did an outstanding job in that role, as the northeast finance director for the Clinton-Gore campaign in 1992, and President Clinton has recounted for you how pivotal Paul's help was at a time when it was needed most.

And when that victory was won, Paul took his passion for public service to the White House. There, he astounded everyone but himself with his accomplishments at the command center of the greatest country in the world. He mastered legislative detail and created relationships on Capitol Hill that would help his President and his administration achieve the most sweeping fiscal reform and debt reduction package since Harry Truman and Lyndon Johnson.

Then suddenly, one Christmas, his life was suddenly and cataclysmically threatened by the returning disease. But, to our family's lasting gratitude, the brilliant surgeon Dr. Murray Brennan and the medical team at Memorial Sloan-Kettering Cancer Center saved Paul's life and gave him the gift of time. And we will always be especially grateful to Dr. Jim Dougherty, who cared for Paul for more than 5 years since then and worked with him to battle each successive phase of the illness while enabling Paul to live his life to the fullest.

I remember that critical time so clearly, not only because we almost lost Paul that winter, but because I saw a strength and determination in my son that I had never known. One morning, after his surgery, when I visited his room and saw that he was apparently asleep, under heavy sedation, I told Paul's sister that I was about to leave for Albany for the state of the State address. Paul suddenly awoke, sat up, and said clearly and adamantly: "When you get to Albany, you tell them that we put money in the budget for research and teaching hospitals and they'd better be sure they don't cut it." I