

SENATOR BOB DOLE

TALKING POINTS

SENATOR JOHN SEYMOUR

***I JUST WANT TO
CONGRATULATE EVERYONE
HERE TODAY ON THE GOOD
SENSE THEY HAVE SHOWN IN
SUPPORTING JOHN SEYMOUR.**

***SOMEONE ONCE DIVIDED
THE SENATE INTO**

"SHOWHORSES" AND "WORKHORSES."

***THE SHOWHORSES ISSUE A
LOT OF PRESS RELEASES, MAKE
A LOT OF SPEECHES, BUT
REALLY DON'T DO ALL THAT
MUCH.**

***THE WORKHORSES SHOW UP
EARLY, STAY LATE, AND MAKE
SERIOUS CONTRIBUTIONS TO**

EVERY ISSUE THEY CAN.

***IT GOES WITHOUT SAYING
THAT IN HIS 16 MONTHS AS
YOUR SENATOR, JOHN
SEYMOUR HAS EARNED A
REPUTATION AS A WORKHORSE.**

***HE IS A TENACIOUS FIGHTER
FOR CALIFORNIA, AND HE'S
ESTABLISHED HIMSELF AS
SOMEONE WHO'S WILLING TO**

**TAKE ON THE LIBERAL
DEMOCRATS AND WHO KNOWS
HOW TO GET THINGS DONE.**

***AND YOU DON'T HAVE TO
JUST ASK ME TO CONFIRM
THAT. YOU CAN ASK GEORGE
MITCHELL, WHO SENATOR
SEYMOUR HAS MADE A HABIT
OF OUTMANEUVERING.**

***JOHN IS ONE OF THE
TAXPAYER'S BEST FRIENDS IN
CONGRESS. HE TREATS TAX
DOLLARS LIKE THEY WERE HIS
OWN--AND, LET ME TELL YOU,
HE CAN BE PRETTY TIGHT WITH
A BUCK.**

***LAST MONTH HE FORCED A
FLOOR VOTE ON AN
AMENDMENT TO THE BUDGET**

**RESOLUTION THAT CUTS THE
BUDGETS OF THE LEGISLATIVE
AND EXECUTIVE BRANCHES BY
25% OVER TWO YEARS. THE
SEYMOUR AMENDMENT PASSED
52-42, AND WILL SAVE
TAXPAYERS MORE THAN \$2
BILLION.**

***WE NEED TO KEEP JOHN IN
THE SENATE TO PREVENT TAX-**

**AND-SPEND LIBERALS FROM
DOING MORE DAMAGE TO OUR
ECONOMY.**

***ANOTHER OUTSTANDING
ACCOMPLISHMENT IS HIS
WATER BILL FOR THE CENTRAL
VALLEY WATER PROJECT.**

**SENATOR SEYMOUR NOT ONLY
GOT HIS BILL THROUGH THE
SENATE, BUT HE OUTFOXED**

SENATOR BRADLEY AND THE RADICAL ENVIRONMENTALISTS IN THE PROCESS.

***THIS BILL WILL HELP SOLVE
CALIFORNIA'S LONGTERM
WATER NEEDS AND PROVIDE
NEW SUPPLIES FOR FISH AND
WILDLIFE--WITHOUT TAKING
WATER AWAY FROM
AGRICULTURE.**

***THIS BILL PROTECTS THE
FOOD PRODUCERS OF
CALIFORNIA, AND ENABLES
THEM TO SELL THEIR WATER ON
THE OPEN MARKET TO OTHER
USERS OUTSIDE THE CVP
SYSTEM.**

***AND WHEN IT COMES TO
CRIME, AN ISSUE MUCH IN THE
NEWS, OF COURSE, SENATOR**

**SEYMOUR KNOWS THAT IF
WE'RE TO BE A KINDER AND
GENTLER NATION, WE'VE GOT
TO GET ROUGHER AND
TOUGHER WITH CAREER
CRIMINALS. HE AUTHORED FIVE
MAJOR GET-TOUGH
AMENDMENTS TO THE CRIME
BILL, SO THAT WE COULD MAKE
OUR STREETS SAFE.**

***AND HE'S WORKED CLOSELY
WITH PRESIDENT BUSH,
GOVERNOR WILSON, AND
MAYOR BRADLEY, IN THE
AFTERMATH OF THE LOS
ANGELES RIOTS.**

***THE BOTTOM LINE IS I'M
PROUD TO HAVE JOHN
SEYMOUR ON MY TEAM. AND I
HAVE TO ADMIT THERE ARE A**

**FEW SELFISH REASONS WHY I'M
HERE TODAY.**

***I'VE HAD THE PLEASURE OF
SERVING AS SENATE MAJORITY
LEADER, AND OF SERVING AS
SENATE MINORITY LEADER. AND
IT SHOULDN'T BE A MUCH OF A
SURPRISE WHICH ONE OF
THOSE JOBS I LIKED BEST.**

***JOHN SEYMOUR IS THE
GOP'S BEST HOPE FOR
CALIFORNIA, AND HE DESERVES
YOUR CONTINUED SUPPORT.**

***YOU SHOULD BE GLAD THAT
I'M HERE, AND NOT MY WIFE,
ELIZABETH. I'M JUST HERE TO
ASK FOR YOUR MONEY, IF
ELIZABETH WERE HERE SHE'D**

**ASK FOR YOUR MONEY AND
YOUR BLOOD.**

***IT IS A LONG TIME BETWEEN
NOW AND NOVEMBER, AND IT'S
GOING TO TAKE A LOT OF
CONTRIBUTIONS--OF MONEY,
TIME, AND ENTHUSIASM, TO
ENSURE JOHN'S RE-ELECTION.**

**I KNOW JOHN APPRECIATE'S
YOUR SUPPORT, AND I LOOK**

FORWARD TO WORKING WITH YOU IN THE MONTHS TO COME.

CAPTURING THE HISPANIC VOTE

EXECUTIVE SUMMARY

The 1990 Census clearly provides new opportunities for Hispanics to increase their political participation and clout. The Census recorded 22.3 million Hispanic persons in the U.S. -- an increase of 53 percent (7.7 million persons) since 1980. This represents a growth rate at least 5 times faster than the rate experienced by the non-Hispanic population.

COMPOSITION OF HISPANIC POPULATION

The term "Hispanic" covers a diverse population: Mexican, Puerto Rican, Cuban Origin and Central and South American. Issues important to one group may not be as significant to another.

GEOGRAPHIC DISTRIBUTION/GROWTH RATE

Given the concentration of Hispanics in key states, it would be ill-advised to ignore the Hispanic vote. California, Texas, New York and Florida each have Hispanic populations of 1 million or more. California's Hispanic population increased 69%, exceeding the national Hispanic growth rate of 53%. The growth rate in Florida was 83%; Texas - 45%, and New York - 33%.

SOCIAL AND ECONOMIC CHARACTERISTICS

The social and economic characteristics of the Hispanic population should suggest a strong incentive for Republican policymakers to remain mindful of Hispanic concerns.

Age

The age data collected by the Census Bureau continues to show that the Hispanic population is younger than the non-Hispanic population. This is significant in the development of public policy. A young population requires day care, education and jobs -- not pensions, retirement planning or geriatric health care.

Education

Hispanics made modest gains in educational attainment during the 1980's. Hispanics who had completed 4 years of high school or more was about 46% in 1983 and about 51% in 1991.

Labor Force

The labor force participation rate of Hispanic males in 1991 was 78%, higher than that of non-Hispanic males (74%). In contrast, the participation rate of non-Hispanic females was higher than that of Hispanic females (57% to 51%).

CORPORATE COMMUNITY INITIATIVES/HISPANIC MARKET

U.S. businesses have long recognized that Hispanics will become the majority of the labor force in many areas. In fact, many corporations have launched programs aimed at improving the status of Hispanics. The corporate community has also realized that it makes "good business sense" to support the Hispanic community. According to Hispanic, a "Magazine For and About Hispanics" the Hispanic market has a purchasing power of \$192 billion.

NATIONAL ELECTIONS -- REPUBLICAN EFFORTS

The 1984 presidential campaign marked the first national election where Hispanics were openly courted. Lee Atwater, then Deputy Campaign Manager for the Reagan/Bush ticket, felt strongly that it was necessary to seek the Hispanic vote given that Black voters, as a group are so entrenched with the Democrats. Because Hispanics share conservative social values with Republicans, capturing their vote is a reasonable goal.

VOTER REGISTRATION

It is estimated that there are 4.7 million registered Hispanic voters. A modest number compared to the total Hispanic population (22.3 million) or the total Hispanic voting age population (15.05 million).

SUGGESTED INITIATIVES

Undoubtedly, Hispanics will continue to become a more potent force in politics and business. They are the fastest growing population in the U.S. and are concentrated in major urban areas. Hispanics will hold the majority of entry-level jobs in the labor force yet they have the highest toll of unmet educational needs. It is increasingly important to develop Republican strategic and grass root initiatives aimed at encouraging Hispanic participation in the political process. (See suggestions in draft discussion paper.)

CAPTURING THE HISPANIC VOTE

The 1990 Census clearly provides new opportunities for Hispanics to increase their political participation and clout. The Census recorded 22.3 million Hispanic persons in the U.S. -- an increase of 53 percent (7.7 million persons) since 1980. This represents a growth rate at least 5 times faster than the rate experienced by the non-Hispanic population.

COMPOSITION OF HISPANIC POPULATION

The term "Hispanic" covers a diverse population:

Mexican	62.6 percent
Puerto Rican	11.1 percent
Cuban	4.9 percent
Central and South American	13.8 percent
Other Hispanic	7.6 percent

Issues important to one group may not be as significant to another. Anecdotal reports indicate that Mexican Americans, the more dominant group, are more interested in job opportunities and economic issues, while Puerto Ricans focus on drug issues and Cubans focus on foreign policy issues (Cuba).

GEOGRAPHIC DISTRIBUTION/GROWTH RATE

Given the concentration of Hispanics in key states, it would be ill-advised to ignore the Hispanic vote. California, Texas, New York and Florida each have Hispanic populations of 1 million or more:

California	7.6 million
Texas	4.3 million
New York	2.2 million
Florida	1.5 million

California's Hispanic population increased sharply from 4.5 million in 1980 to 7.68 million in 1990. That's an increase of 69%, exceeding the national Hispanic growth rate of 53%. The growth rate in Florida was 83%, Texas - 45% and New York - 33%. (See attached Senate election summary.)

Among the States with Hispanic populations of 100,000 or more in 1980, the highest growth rates during the 1980-90 decade were in Massachusetts (104%), Florida (83%) and Washington (79%). It is important to note that the young age structure (see below) of the Hispanic population signals greater future growth because a greater percentage of the population has yet to reach childbearing age.

SOCIAL AND ECONOMIC CHARACTERISTICS

Although the Census Bureau continues in its analysis, the social and economic characteristics of the Hispanic population should suggest a strong incentive for Republican policymakers to remain mindful of Hispanic concerns. The young age structure means that Hispanics will have a greater share of school children and young job-seekers. The U.S. labor market, particularly in southwestern states, will be jeopardized unless Hispanics improve their education and job skills. These factors are sure to make Hispanics a major factor in Presidential and Congressional races.

Age

The age data collected by the Census Bureau continues to show that the Hispanic population is younger than the non-Hispanic population. About 30% of Hispanics were under 15 years of age (compared to 22% for non-Hispanics). Further, about twice as many non-Hispanics (22%) were 55 years or older compared to Hispanics (11%). The median age of the Hispanic population is 26.2 years, that is 8 years younger than the 1991 median age of the non-Hispanic population (33.8 years).

The age structure of the Hispanic population is significant in the development of public policy. A young population requires day care, education and jobs -- not pensions, retirement planning or geriatric health care.

Education

Hispanics made modest gains in educational attainment during the 1980's. In 1983, about 16% of Hispanics age 25 and over had completed less than 5 years of schooling. In 1991, that percentage was about 13%. Hispanics who had completed 4 years of high school or more was about 46% in 1983 and about 51% in 1991. Eight percent of Hispanics had completed 4 or more years of college in 1983 compared to almost 10% in 1991.

Labor Force

The labor force participation rate of Hispanic males in 1991 was 78%, higher than that of non-Hispanic males (74%). In contrast, the participation rate of non-Hispanic females was higher than that of Hispanic females (57% to 51%).

The largest share of Hispanic men were employed as operators, fabricators or laborers (29%). Non-Hispanic men were more likely to have occupations as managers and professionals (28%). About 16% of Hispanic women were employed in managerial and professional specialty

occupations compared to 28% for non-Hispanic women. About twice as many Hispanic women held positions as operators, fabricators and laborers than non-Hispanics (14% to 8%).

CORPORATE COMMUNITY INITIATIVES/HISPANIC MARKET

U.S. businesses have long recognized that Hispanics will become the majority of the labor force in many areas. In fact, many corporations have launched programs aimed at improving the status of Hispanics. These programs include educational initiatives such as scholarships, teaching of employment skills to middle and high school students, supporting satellite schools and funding initiatives. Other efforts by the corporate community include instituting recruiting and hiring practices targeted at the Hispanic community, supporting Hispanic organizations and establishing minority vendor programs.

The corporate community has also realized that it makes "good business sense" to support the Hispanic community. According to Hispanic, a "Magazine For and About Hispanics" the Hispanic market has a purchasing power of \$192 billion. Corporations have developed products aimed at the Hispanic community. As one example, Mattel has marketed a Hispanic Barbie doll since 1980. In 1988, Mattel introduced "Teresa," Barbie's Hispanic friend. Advertising agencies target the Hispanic market through Spanish-language television, radio and print media. And even more basic, grocers routinely stock Hispanic culinary specialties.

NATIONAL ELECTIONS -- REPUBLICAN EFFORTS

According to Andy Hernandez, President, Southwest Voter Registration Project (SVRP)¹, the 1984 presidential campaign marked the first national election where Hispanics were openly courted. As Andy remembers, Lee Atwater, then Deputy Campaign Manager for the Reagan/Bush ticket, approached SVRP and made it clear that Republicans had a strong interest in capturing the

¹ The SVRP was founded in 1975. It is widely considered to be one of the most successful voter registration efforts in the nation. It conducts nonpartisan voter education projects and research on Hispanic and Native American political participation in the Southwest. It organizes coalitions to register minority voters in the Southwest and 13 western states. It seeks reapportionment of gerrymandered counties and cities, maintains data bases and compiles statistics. [Comment: SWVRP is headquartered in San Antonio, purportedly a nonpartisan organization, I remember it had strong Democrat ties and influence.]

Hispanic vote. Apparently, Lee felt strongly that it was necessary to seek the Hispanic vote given that Black voters, as a group are so entrenched with the Democrats. In any event, Lee felt that since Hispanics share conservative social values with Republicans, capturing their vote is a reasonable goal.

Lee created a Republican strategy which included voter education and registration. Interestingly, the 1984 ABC/Washington Post exit poll indicated that 56% of voting Hispanics voted for Mondale; 43% voted for Reagan. By contrast, the 1988 ABC/Washington Post exit poll indicated that Dukakis received 69% of the Hispanic vote while President Bush received 30%. [It would be interesting to analyze whether similar efforts were maintained in both campaigns.]

VOTER REGISTRATION

The SVRP estimates that there are 4.7 million registered Hispanic voters. A modest number compared to the total Hispanic population (22.3 million) or the total Hispanic voting age population (15.05 million).² Nonetheless, PRB reports that once Hispanics do register, they are nearly as likely to vote as non-Hispanics. The PRB estimated that 60% of registered Hispanics voted in the 1988 Presidential election.

SUGGESTED INITIATIVES

Undoubtedly, Hispanics will continue to become a more potent force in politics and business. They are the fastest growing population in the U.S. and are concentrated in major urban areas. Hispanics will hold the majority of entry-level jobs in the labor force yet they have the highest toll of unmet educational needs. It is increasingly important to develop Republican strategic and grass root initiatives aimed at encouraging Hispanic participation in the political process.

Strategic Planning Suggestions

- Coordinate efforts between government agencies such as the Departments of Labor Education and Health and Human Services to address Hispanic problems in a comprehensive manner.
- Accelerate the development and marketing of strategies and

² However, according to the Population Reference Bureau (PRB), an educational organization reporting on current demographic trends, approximately one-third of Hispanics are ineligible to vote because they are not citizens.

programs under the President's Executive Order on Educational Excellence for Hispanic Americans.

- Develop a comprehensive grass roots program aimed at educating the Hispanic population as to the goals and ideals of the Republican party.
- Design a comprehensive Republican Hispanic "get out the vote" program.

Suggested Grass Roots Initiatives

- Support effective dropout prevention programs at the community, high school and college levels.
- Develop a surrogate speaker program aimed at the Hispanic community.
- Identify top Hispanic Republican Leaders (politicians, educators, health practitioners etc.) and work with them in the community.
- Identify top Hispanic Business Leaders and work with them in the community.
 - In this regard, Hispanic Magazine annually identifies the top 100 companies providing the most opportunities for Hispanics. Pizza Hut, for example, is a member of the Hispanic 100. According to the Magazine, Pizza Hut stepped up efforts to increase the number of minority and female employees by hiring a Hispanic recruiter to focus specifically on Hispanics hiring for jobs in middle and upper management.
 - Identifying and working with these business leaders will strengthen Republican ties to the Hispanic Community.
- Identify those industries which have made little or no effort to provide opportunities for Hispanics and work with them to encourage their support.
 - In a recent publication, Hispanic Magazine suggested, that the cosmetic industry, banks and financial service companies and pharmaceutical companies have shown little or no support for Hispanic organizations.
- Develop a candidate recruitment program targeted at the Hispanic population.

- Design Republican ads for publication on spanish-language television and radio and the print media.
- According to a 1990 Gallup poll, 49% of U.S. Hispanics say their favorite evening pastime is watching TV, compared with only 24% of the total U.S. population.

March 25, 1992

CALIFORNIA A (Cranston's seat 6-year term)

Democrats

Rep. Barbara Boxer
Lt. Gov. Leo McCarthy
Rep. Mel Levine

Republicans

Bruce Herschenson
Rep. Tom Campbell
Mayor Sonny Bono

CALIFORNIA B (Seymour's seat)

Democrats

St. Controller Gray Davis
Dianne Feinstein

Republicans

Sen. John Seymour
Bill Dannemeyer

NEW YORK

Democrats

Geraldine Ferraro
Rep. Bob Mrazek
St. AG Bob Abrams
NYC Controller Liz Holtman

Republicans

Al D'Amato

FLORIDA

Democrats

Bob Graham

Republicans

Ex-Rep Bill Grant
*FTC Member Rob Quartel
(*possible)

TEXAS

NO SENATE RACES THIS YEAR

SOME INTERESTING FACTS

- There are no Governor races in these states this year
- Redistricting will give California (+7 seats)
 - Texas (+3 seats)
 - Florida (+4 seats)
 - New York (-3 seats)

Paying Budget Piper

A Constitutional Amendment to Avert Deficits Would Involve Painful Steps

By STEVEN GREENHOUSE

Special to The New York Times

WASHINGTON, May 7 — An embattled Congress and angry voters are rushing to embrace a balanced-budget amendment, but hardly anyone is talking about the long-term economic complications it would probably produce.

Because the Federal Government spends \$4 for every \$3 it takes in, any serious effort to balance the budget would necessarily involve a disconcerting array of bitter measures that are likely to include raising taxes and putting tough ceilings on Medicaid and Medicare spending. In straining to balance the Federal budget, Washington might also slash aid to the states, forcing them to cut services or raise taxes in turn.

What is more, cutting spending and raising taxes to bring down the Federal deficit, which is expected to near \$400 billion this year, could weaken the nation's already sluggish economic growth.

Still, many economists who opposed the amendment idea when it began circulating in the mid-1980's, now support it because they have concluded that something more than politics as usual — something more than budget agreements and Gramm-Rudman amendments — is needed.

Pain of Amendment

Pain, they say, is inevitable whenever people living beyond their means are forced to tighten their belts. More important, many say, if an amendment forces the White House and Congress to eliminate the Federal deficit, this would bring down long-term interest rates and spur home building and business investment.

"As year after year drags on and we have failed to solve the deficit problem, one has to face that failure and maybe an amendment is the way to face it," said Benjamin M. Friedman, a Harvard economics professor who has written extensively about the dangers of the Federal deficit.

Economists who support the amendment confess to one lurking worry: that the politicians will use it as a gimmick. The fear is that once lawmakers vote for such an amendment, they can boast that they vigorously support balanced budgets, while shunning any serious efforts to reduce the deficit until the amendment is ratified later this decade.

No Help for Deadlocks

After Congress and the White House have for more than a decade been unable to agree on how to end the deficit, many analysts wonder why a constitutional amendment would magically enable the two sides to agree. Many people fear the two sides will stick doggedly to their positions, amendment or not, with the Republicans wanting to slash spending and the Democrats leaning toward raising taxes.

One criticism of the proposed amendments is that they do not provide a mechanism to resolve such deadlocks. The competing amendments sponsored by Senator Paul Simon, Democrat of Illinois, and Senator Robert W. Kasten Jr., Republican of Wisconsin, would allow Congress to waive the balanced budget requirement in any given year if 60 percent of all the members of Congress approve. But there is no guarantee they would approve such a waiver even in the event of a stalemate.

Legal scholars fear that if the amendment is approved and then ignored, the Constitution would be cheapened. The amendment, many analysts say, might not cause the Administration and Congress to abandon their hobby of budget gimmickry, such as using optimistic economic assumptions, placing certain programs off-budget or moving the cost of certain programs to future years.

The amendment "could make the situation worse by encouraging even more gimmickry and fraudulent budgeting," said Lawrence Chimérine, a senior economist at DRI/McGraw Hill, a consulting concern in Lexington, Mass. "It is not possible to legislate leadership, courage and caring — these are the bottom line reasons why the deficit problem has not been addressed until now."

Mr. Chimérine opposes the amendment, saying it would divert the nation's attention away from trying to improve productivity and competitiveness. He said that if Washington sought to reduce its deficit to zero over three

years, that would reduce the nation's economic growth by 1 percent a year.

Other economists oppose the bill on the ground that it might tie the Government's hands as the nation fell into recession. They feared that an amendment might, for instance, limit Washington's ability to pay unemployment benefits.

Some economists say that the proposed amendment should be accompanied by legislation that would require automatic spending cuts or tax increases if Congress and the White House failed to agree on eliminating the deficit. Others predicted that in the event of deadlocks, the White House and Congress might turn to the courts to resolve their disputes.

Laurence H. Tribe, a constitutional law expert at Harvard Law School, suggested that no matter what the courts did would create problems. On one hand, he said, the courts might consider the amendment unenforceable "because they might treat it as hortatory and advisory, in which case it would generate still more cynicism." On the other hand, he said, if the courts decided to enforce the amendment "it would implicate them in the extremely thorny problem of budget management in ways that would be hard to reconcile with any sense of institutional limits on the federal judiciary."

In Congressional testimony on Wednesday, Richard G. Darman, the White House budget director, said a balanced budget amendment was needed because future generations were going to have to pay for the

U.S. spends \$4 for every \$3 it takes in.

massive deficits Washington is accumulating today. "The interest of future generations are not adequately being protected by the representatives of current voters," he said. "Future interests require the protection of a constitutional amendment."

He hinted that Medicare and Medicaid might be targets for saving money, saying that "people who are knowledgeable about the Federal budget appreciate that the deficit cannot be addressed seriously unless the growth of mandatory programs is slowed." He noted that Medicaid costs grew by more than 15 percent a year over the past decade, and Medicare costs by more than 10 percent a year.

His testimony noted, for instance, that if Medicare hospital insurance costs were capped so that they rose by no more than the inflation rate that would reduce the deficit by a total of \$72 billion from 1993 and 1997.

With many legislators saying the amendment has a strong chance of passing this year, economists stress that it is important to start whittling down the deficit now. They say that if the deficit remains at astronomic levels the year before the amendment takes effect, then Draconian spending cuts or tax rises would have to be implemented to balance the budget.

Tough Choices at Start

"If the amendment takes effect with the deficit still in the hundreds of billions of dollars," Robert D. Reischauer, director of the Congressional Budget Office, told the lawmakers this week, "The Congress would be faced with the Hobson's choice of enforcing the new rule and inducing a deep recession or waiving the rule from the start, which would clearly be an inauspicious beginning for the new era."

With many legislators saying the amendment has a strong chance of passing this year, economists stress that it is important to start whittling down the deficit now. They say that if the deficit remains at astronomic levels the year before the amendment takes effect, then Draconian spending cuts or tax rises would have to be implemented to balance the budget.

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EXTENDED UNEMPLOYMENT COMPENSATION OPTIONS

(\$ millions)

	<u>CBO/JCT</u>			<u>OMB/Labor</u>		
	1992	1993	Total	1992	1993	Total
<hr/>						
OPTION 1:						
Extend 20/13 program to Oct. 3, then 13/7 to Jan. 2, then 10/7 to Apr. 3.....	635	1,510	2,145	609	977	1,586
OPTION 2:						
Extend 20/13 program to Jan. 2, then 10/7 to Apr. 3 (original Downey).....	635	2,315	2,950	609	2,092	2,701
OPTION 3: a/						
26/20 program from Jun. 14 to Jan. 2, then 13/10 to Apr. 3 (revised Downey).. <td>920</td> <td>3,095</td> <td>4,015</td> <td>623</td> <td>3,338</td> <td>3,961</td>	920	3,095	4,015	623	3,338	3,961
OPTION 4:						
Extend 33/26 program to Aug. 1, then 20/13 to Mar. 6.....	805	2,645	3,450	623	2,523	3,146

a/ Includes, for comparison purposes only, the two-year cost of extending the emergency program. Five-year costs with permanent reforms total \$5,905 million.

Prepared by SBC Minority Staff,

08-May-92 09:37 AM

UNEMPLOYMENT PACKAGE OFFSETS

(Deficit reduction in \$ millions)

	CBO/JCT			OMB/Treasury		
	1992	1993	Total	1992	1993	Total
PAY-AS-YOU-GO OFFSET OPTIONS:						
1. Collection of defaulted student loans....	-305	-68	-373	-266	---	-266
2. IRS 45-day processing rule.....	---	-50	-50	---	-53	-53
3. VA pension verification.....	---	-27	-27	---	-161	-161
4. VA housing reforms.....	---	-406	-406	---	-660	-660
5. FEHB reforms.....	---	-85	-85	---	-85	-85
6. HR 2056, Shipbuilding and Trade Reform Act.....	---	-96	-96	NA	NA	NA
7. Prohibit double dipping.....	-428	-199	-627	-335	-380	-715
8. Conform book and tax accounting for securities inventories.....	-122	-368	-490	---	-861	-861
9. Individual estimated tax "safe harbor"....	-400	---	-400	400	100	500
10. Taxable years of partnerships, etc.....	-440	15	-425	-440	15	-425
11. Report seller-financed mortgage ID number.....	-23	-91	-114	-29	-149	-178
Total offsets.....	-1,718	-1,375	-3,093	-670	-2,234	-2,904

Prepared by SBC Minority Staff,

08-May-92 09:37 AM

May 7, 1992

BRIEF
HEALTH CARE TALKING POINTS

1. Major changes are necessary in our health care system.
2. Today, we face a simple choice in health care: should government control more of your health care, or should you? Should we give up more of our health care systems to Washington, or keep more of it between ourselves and our employers? Government-run national health insurance would have the compassion of the IRS, the efficiency of the Post Office, the expedience of the FDA and the cost of the Defense Department.
3. Various anecdotes to underscore the fact that we have to stay in America to find the solutions to America's health care problems:

Canada: has a population the size of California; has dramatically fewer drug and alcohol addicts as a percent of its population; has a dramatically less violent society; in recent years has experienced a rate of health care cost inflation almost exactly the same as ours (their GDP has grown faster than ours); does not allow for easy access to technologies and procedures; and all those who believed in a strong, central, and more socialized government moved north in 1776.

Germany: is a society that obeys government-imposed rules. The reason they have no speed limit on the Autobahn is because they know they would obey it. What would Americans do? Buy radar guns and routinely drive 9 miles faster than the speed limit. "Beating the system" is a part of the American ethic, and national health insurance for us would be one scandal after another of black market purchases, bribes and favoritism for cronies of politicians and administrators. We are an incentive driven society, not a bureaucracy-governed one.

4. I believe private sector is the only way to maintain quality and innovation. Not one of us has had an illness among our family and friends without being thankful that we have a private sector health care system in this country. Now we must find ways to make it cost less and make it available to everyone.

5. To do that, there is no question that we must revolutionize the private market, to instill incentives for cost-reducing innovation and to eradicate fraud, greed, and waste. I need your help to battle the special interests who want to put your health care in the hands of the government.

DOLE PROPOSALS

S. 1936 "GOP HEALTH TASK FORCE BILL"

- Given our goals of
 1. curbing runaway health care costs that are consuming more and more of our GNP;
 2. attaining a health care system that is accessible to all Americans;
 3. enacting comprehensive health care reform that preserves the assets of our current system i.e. unparalleled high quality care, no rationing, no waiting lines,
- Last November, I, along with 23 of my Republican colleagues introduced a bill for comprehensive health care reform.
- The following are just a few of the innovations included in the bill. As a group, the task force had to resist the temptation to junk the entire system and start from scratch. I believe our bill is reasonable and responsible and demonstrates a great deal of common sense.
- The most critical element of our proposal is the use of incentives versus mandates. We continue to believe, that given the chance, small business, the self-employed, and many individuals will seek to protect themselves or their employees.
- Our bill will do that through the use of tax credits and reforms in small market insurance.
- Some individuals will be helped through the use of tax credits. Others will benefit through the expansion of the community health clinic program, while still others will avail themselves of coverage under the state publicly financed program.
- Special attention is given to the real needs of rural populations. Under our bill, funding for the National Health Service Corps is increased. This translates into more health care providers for rural areas.
- Cost Containment is also addressed through managed care provisions and through provisions for malpractice insurance

reform. We believe that \$15 billion can be saved each year by reform of medical liability laws.

S. 1668 "SECURE CHOICE" (LONG-TERM CARE)

- While many of the proposals that we hear a lot about these days focus on acute care services, long-term care remains a priority of mine.
- In August, Senator Packwood and I introduced a long-term care bill that addresses the needs of many of our older Americans.
- Our bill provides for both home and community-based care, as well as nursing home care.
- It improves access to long-term care for many of our seniors and significantly improves the affordability of private long-term care insurance through the establishment of a public-private partnership.
- Long-term care is a national problem, requiring a national solution. And "Secure Choice" calls on all sectors of American society -- Federal and State government, private employers, insurance companies, and families and individuals - - to join together in ensuring that our seniors can live with dignity.

<div>2</div> <div>MARCH</div> <table><tr><td>SUN</td><td>MON</td><td>TUES</td><td>WED</td><td>THUR</td><td>FRI</td><td>SAT</td></tr><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td></tr><tr><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td></tr><tr><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td></tr><tr><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td></tr><tr><td>29</td><td>30</td><td>31</td><td></td><td></td><td></td><td></td></tr></table>							SUN	MON	TUES	WED	THUR	FRI	SAT	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					<div>http://dolearchives.ku.edu</div> <div>APRIL</div> <table><tr><td>SUN</td><td>MON</td><td>TUES</td><td>WED</td><td>THUR</td><td>FRI</td><td>SAT</td></tr><tr><td></td><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr><tr><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td></tr><tr><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td></tr><tr><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td></tr><tr><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td><td></td><td></td></tr></table>							SUN	MON	TUES	WED	THUR	FRI	SAT				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30			<div>JUNE</div> <table><tr><td>SUN</td><td>MON</td><td>TUES</td><td>WED</td><td>THUR</td><td>FRI</td><td>SAT</td></tr><tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr><tr><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td></tr><tr><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td></tr><tr><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td></tr><tr><td>28</td><td>29</td><td>30</td><td></td><td></td><td></td><td></td></tr></table>							SUN	MON	TUES	WED	THUR	FRI	SAT		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30					<div>JULY</div> <table><tr><td>SUN</td><td>MON</td><td>TUES</td><td>WED</td><td>THUR</td><td>FRI</td><td>SAT</td></tr><tr><td></td><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr><tr><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td></tr><tr><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td></tr><tr><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td></tr><tr><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td><td>31</td><td></td></tr></table>							SUN	MON	TUES	WED	THUR	FRI	SAT				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31		<div>5-8-92</div>						
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3				4 2:45 Capitol Holiday clnn - SPEAK - Am. Farm Bureau Federation 4:30 Statuary Hall - unveiling of Rep Michel's portrait				5 12:00 50-625 - SPEAK Rep Ireland's Cong class - room 4:00 Wash Court - SPEAK wine institute 7:00 SR-325 Ladies of the Senate dinner				6 9:00-9:30 50-625 SPEAK - FL Council of 100's 1992 Spring general membership mtg. 8:45am 5-207 - BRIEF REMARKS - Cancer Legis Briefings				7 8:30 fundraising brkfst f/Dennis Shea				8 to California				9 in California pm return to DC																																																																																																																																																																																		
10 MOTHER'S DAY				11 1:50 Union Station - Greet Advertising Council dnc. 6:00 Capital City Marxist Remarks - KS Chamber of Commerce 8:00 Kennedy Ctr. Receive Award				12 9:30 Convention Ctr - SPEAK Am Urological Assoc. 9:30 5H-902 SPEAK 4PO Public Policy Seminar				13 8:30 Capitol Hill Club - SPEAK - Am Furniture Manuf. Assoc. 1:00 SR-325 SPEAK - Am. Jewish Committee				14 8:30 1001 PA Ave - brkfst w/ life insurance group 12:00 Statuary Hall ??? address by Pres. Gorbachev				15 1:00 pm lv DC 2:40 pm ar Hutchinson to KANSAS →				16 in KANSAS →																																																																																																																																																																																		
17 in KANSAS 4:15 pm lv Philip Billard 7:40 pm ar Wash Nat'l				18 VICTORIA DAY (CANADA) 12:40 La Colline SPEAK Am Supply Assoc. 2:00 Cannon Caucus Rm SPEAK - 2nd Annual Wash. Ldrshp Conf.				19 12:00 Capitol Hill Club - SPEAK - MO Federation of Republican Women				20 9:00 Four Seasons SPEAK - Nat'l Retail Federation 8:30 Four Seasons - SPEAK Computer & Communications Industry Assoc. ? 5-207 ? SPEAK - Mass. Treasurer Joe Malone & Supporters				21				22 4:20 pm lv Wash Nat'l via US Air #211 5:54 pm ar Kansas City to KANSAS				23 in KANSAS																																																																																																																																																																																		
24 in KANSAS				25 MEMORIAL DAY Recess (25-29) in KANSAS				26 in KANSAS				27 in KANSAS 5:55 pm lv KCI 9:15 pm ar Wash Nat'l				28				29				30																																																																																																																																																																																		
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Page 31 of 69

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<http://dolearchives.ku.edu>

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JUNE 1992

sun	mon	tues	wed	thurs	fri	sat
	1 Senate Reconvenes	2	3 8:45 Four Seasons- SPEAK - Distilled Spirits Council	4 9:00 SPEAK Des Moines Area Chamber of Commerce 12:15 Willard- SPEAK Forum 101	5	6
7	8	9	10	11	12	13 Warner-Nickles Golf & Tennis Classic Williamsburg, VA per Jo Anne
14 FLAG DAY Warner-Nickles Golf & Tennis Classic Williamsburg, VA per Jo Anne	15 9:30 Sheraton-Wash SPEAK - Am Public Power Assoc, '92 Conf.	16	17 8-10 Hyatt SPEAK - FRAC Dinner & Present Award to Sen Lugar	18 8:30 5-230 brKF w/ Republican Class of '92 2:00-3:00 5-230 plat'l elce Cream Assoc Recp.	19	20
21 FATHER'S DAY	22	23	24	25	26 11 or 12 Wichita w/ Richard Nixon	27
28	29	30				

Page 32 of 69

<div>MAY</div> <div><div>SUN</div><div>MON</div><div>TUES</div><div>WED</div><div>THUR</div><div>FRI</div><div>SAT</div></div> <div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div><div>8</div><div>9</div></div> <div><div>10</div><div>11</div><div>12</div><div>13</div><div>14</div><div>15</div><div>16</div></div> <div><div>17</div><div>18</div><div>19</div><div>20</div><div>21</div><div>22</div><div>23</div></div> <div><div>24</div><div>25</div><div>26</div><div>27</div><div>28</div><div>29</div><div>30</div></div>							<div>JUNE</div> <div><div>SUN</div><div>MON</div><div>TUES</div><div>WED</div><div>THUR</div><div>FRI</div><div>SAT</div></div> <div><div>7</div><div>8</div><div>9</div><div>10</div><div>11</div><div>12</div><div>13</div></div> <div><div>14</div><div>15</div><div>16</div><div>17</div><div>18</div><div>19</div><div>20</div></div> <div><div>21</div><div>22</div><div>23</div><div>24</div><div>25</div><div>26</div><div>27</div></div> <div><div>28</div><div>29</div><div>30</div></div>							<div>AUGUST</div> <div><div>SUN</div><div>MON</div><div>TUES</div><div>WED</div><div>THUR</div><div>FRI</div><div>SAT</div></div> <div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div><div>8</div></div> <div><div>9</div><div>10</div><div>11</div><div>12</div><div>13</div><div>14</div><div>15</div></div> <div><div>16</div><div>17</div><div>18</div><div>19</div><div>20</div><div>21</div><div>22</div></div> <div><div>23</div><div>24</div><div>25</div><div>26</div><div>27</div><div>28</div><div>29</div></div>							<div>SEPTEMBER</div> <div><div>SUN</div><div>MON</div><div>TUES</div><div>WED</div><div>THUR</div><div>FRI</div><div>SAT</div></div> <div><div>6</div><div>7</div><div>8</div><div>9</div><div>10</div><div>11</div><div>12</div></div> <div><div>13</div><div>14</div><div>15</div><div>16</div><div>17</div><div>18</div><div>19</div></div> <div><div>20</div><div>21</div><div>22</div><div>23</div><div>24</div><div>25</div><div>26</div></div> <div><div>27</div><div>28</div><div>29</div><div>30</div></div>						
JULY 1992																											
sun				mon				tues				wed				thurs				fri				sat			
												1 <div>CANADA DAY (CANADA)</div>				2				3				4 <div>INDEPENDENCE DAY</div>			
5				6 <div>Recess (6-17)</div>				7				8				9				10				11			
12				13				14				15				16				17				18			
19				20 <div>Senate Reconvenes</div>				21				22				23 <div>8:30-5:230 brk w/ Republican Class '92</div>				24				25			
26				27				28				29 <div>Mrs. Dole's B'day</div>				30				31							

Page 33 of 69

5/7/92
Mrs Dole
5-8-92

May 1992

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
31 *ARC Convention/Board of Governors Mtg Loc: Baltimore, MD					1 *Pierce Co Prayer Breakfast (Through Christian Embassy) Loc: Tacoma, WA + chapter visit 8:43pm ARR DC	2 8:30pm National Symphony Orchestra
3 2:30pm Salvation Army Dedication	4 2pm AFL-CIO Mtg. F.Kyle's Orientation Dinner w/ Area VPs	5 11:30am Arlington County Chapter recognition luncheon to be held at Ft. Myers 6:30pm Women's Bar Assoc. of District of C.	6 2:30pm Mtg. w/ F. Kyle Loc: President's Office DEP for Wisconsin RON--Milwaukee, WS	7 *Governor's Prayer Bkfst Loc: Wisconsin *Visit Dayton, Ohio chapter	8 8:45 am return from Dayton, Ohio 10:00am Sr VP Mtg 12noon Meet J. Dubinsky 3pm Meet w/ Shanghai visitors	9 4pm Cindi's Wedding 6:30pm White House Correspondents Reception 7:30pm White House Correspondents Dinner
10 MOTHER'S DAY	11 *Mrs. Freck Edwards in DC 7pm Advertising Council Rec. & Dinner	12 *Mrs. Freck Edwards in DC 11:00am DOT 25th Anniversary Ceremony	13 *Mrs. Freck Edwards in DC 12n-1:30pm Satellite Tour Interview 2:30pm Mtg. w/ F. Kyle	14 11:30am- ARMDI Lunch 3:00 pm	15 9:00am Sr VP Mtg 12 noon DEP for Boston, MA Visit Boston Chapter RON-- Waltham, MA	16 12:00pm Bentley College commencement--includes lunch w/the Trustees and the ceremony 6:35pm DEP Boston for Hartford, CT RON--Hamden, CT
17 12:00n WSB Quinnipiac College	18	19	20 9am Meet N. Augustine & Jenna 2:30pm Mtg. w/ F. Kyle	21 11am Caring Magazine Interview 2:00pm Special team mtg	22 Mother's birthday *EHD in NC *EHD would like to do public event in Salisbury relating to endowment for at risk	23 NORTH CAROLINA
24	25 MEMORIAL DAY--official ARC holiday	26	27 Clausbourne Reppert's birthday (5 in 1992) 2:30pm Mtg. w/ F. Kyle	28 2:00pm Special team mtg	29 *GTE Event, Marco Island, FL [A.M.]	30 *ARC Convention begins

P.2

MAY 08 '92 11:06 ARC/NHQ, MAIN/2

2/1/92

June 1992

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 *ARC Convention	2 *ARC Convention *Harvard Board	3 *ARC Convention/Board of Governors Mtg *Harvard Board	4 *Harvard Board/Harvard Commencement 2:00pm Special team mtg w/Mari, Michael, John, Jenna, Sharon	5 9:00am Sr VP Mtg 11am Meet Bothe Prinz	6
7	8 11am Stars & Stripes Interview 7pm SeniorNet	9 3:30pm Meet Daniel Thursz	10 11am Interview w/ Doris Gilles	11 2:00pm Special team mtg w/Jenna, John, Mari, Michael, Sharon	12 9:00am Sr VP Mtg noon Lunch w/ Rachel Brennan	13
14	15 * New York chapter visit	16 Dottie's birthday * New York chapters visit	17 * New York chapters visit	18 12:30 lunch w/ J. Parkell & Jenna 2:00pm Special team mtg w/Mari, Michael, John, Jenna, Sharon	19 9:00am Sr VP Mtg	20
21	22 *8:45am-Institute of Internal Auditors, Phoenix, Arizona * Visit Phoenix Chapter	23 St. Louis BI-State Ann.**	24	25 2:00pm Special team mtg w/Mari, Michael, John, Jenna, Sharon	26 9:00am Sr VP Mtg	27
28	29 10:00am Mtg. w/ Alan Snook and John Hanford Loc: President's office	30				

P.3

MAY 08 '92 11:06 ARC/NHQ, MAIN/2

5/1/92

P.4

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1	2 2:00pm Special team mtg w/Meri, Michael, John, Jenna, Sharon	3 INDEPENDENCE DAY--official ARC holiday	4
5	6	7	8 HOLD FOR TOP 17 MTG.	9 HOLD FOR TOP 17 MTG. 2:00pm Special team mtg w/Meri, Michael, John, Jenna, Sharon	10 HOLD FOR TOP 17 MTG 9:00am Sr VP Mtg	11
12	13 Rosanna Minchew's birthday	14	15	16 2:00pm Special team mtg	17 9:00am Sr VP Mtg	18
19	20	21	22 Bob's birthday	23 2:00pm Special team mtg	24 9:00am Sr VP Mtg	25
26	27	28	29 EHD birthday	30 *Andy Andersen's birthday *Leon Bradshaw's birthday 2:00pm Special team mtg	31 9:00am Sr VP Mtg	

MAY 08 '92 11:07 ARC/NHQ, MAIN/2

5/7/92
Mae Dole
5-8-92

P.2

May 1992

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
31 *ARC Convention/Board of Governors Mtg Loc: Baltimore, MD					1 *Pierce Co Prayer Breakfast [Through Christian Embassy] Loc: Tacoma, WA + chapter visit 8:43pm ARR DC	2 8:30pm National Symphony Orchestra
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17 12:00n WSB Quinipiac College	18	19	20 9am Meet N. Augustine & Jenna 2:30pm Mtg. w/ F. Kyle	21 11am Caring Magazine Interview 2:00pm Special team mtg	22 Mother's birthday *EHD in NC *EHD would like to do public event in Salisbury relating to endowment for at risk	23 NORTH CAROLINA
24	25 MEMORIAL DAY--official ARC holiday	26	27 Claiborne Reppert's birthday (5 in 1992) 2:30pm Mtg. w/ F. Kyle	28 2:00pm Special team mtg	29 *GTE Event, Marco Island, FL [A.M.]	30 *ARC Convention begins

MAY 08 '92 11:06 ARC/NHQ, MAIN/2

2/1/92

June 1992

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 *ARC Convention	2 *ARC Convention *Harvard Board	3 *ARC Convention/Board of Governors Mtg *Harvard Board	4 *Harvard Board/Harvard Commencement 2:00pm Special team mtg w/Mari, Michael, John, Jenna, Sharon	5 9:00am Sr VP Mtg 11am Meet Bothe Prinz	6
7	8 11am Stars & Stripes Interview 7pm SeniorNet	9 3:30pm Meet Daniel Thursz	10 11am Interview w/ Doris Gilles	11 2:00pm Special team mtg w/Jenna, John, Mari, Michael, Sharon	12 9:00am Sr VP Mtg noon Lunch w/ Rachel Brannen	13
14	15 * New York chapter visit	16 Dottie's birthday * New York chapters visit	17 * New York chapters visit	18 12:30 lunch w/ J. Parkell & Jenna 2:00pm Special team mtg w/Mari, Michael, John, Jenna, Sharon	19 9:00am Sr VP Mtg	20
21	22 *8:45am-Institute of Internal Auditors, Phoenix, Arizona * Visit Phoenix Chapter	23 St. Louis Bi-State Ann.**	24	25 2:00pm Special team mtg w/Mari, Michael, John, Jenna, Sharon	26 9:00am Sr VP Mtg	27
28	29 10:00am Mtg. w/ Alan Snook and John Hanford Loc: President's office	30				

P.3

MAY 08 '92 11:06 ARC/NHQ, MAIN/2

5/1/92

P.4

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1	2 2:00pm Special team mtg w/Meri, Michael, John, Jenna, Sharon	3 INDEPENDENCE DAY--official ARC holiday	4
5	6	7	HOLD FOR TOP 17 MTG. 8	9 HOLD FOR TOP 17 MTG. 2:00pm Special team mtg w/Meri, Michael, John, Jenna, Sharon	10 HOLD FOR TOP 17 MTG 9:00am Sr VP Mtg	11
12	13 Rosanne Minchew's birthday	14	15	16 2:00pm Special team mtg	17 9:00am Sr VP Mtg	18
19	20	21	22 Bob's birthday	23 2:00pm Special team mtg	24 9:00am Sr VP Mtg	25
26	27	28	29 EHD birthday	30 *Andy Andersen's birthday *Leon Bradshaw's birthday 2:00pm Special team mtg	31 9:00am Sr VP Mtg	

MAY 08 '92 11:07 ARC/NHQ, MAIN/2

May 5, 1992

MEMORANDUM FOR THE LEADER

FROM: JUDY BIVIANO

SUBJECT: LARRY THOMPSON CALL TO YOU: (213) 288-0700

Larry Thompson was calling to let you know of a potential "opportunity" to influence the creative, entertainment community in Los Angeles. There is a major issues forum sponsored by a non-profit committee of entertainment people on May 30-31. Participating in this forum are many celebrities including Kevin Costner and the Presidents of ABC and NBC.

Larry indicated that there are several Senators and Congressmen who have confirmed their attendance to this forum including Senator Mitchell, Senator Kerrey, Congressman Leach and Congressman Tallon. He is sending a full list of confirmed guests as well as an invitation to you to be the keynote speaker for this event.

Larry told me that he helped orchestrate the 1988 events that you and Mrs. Dole did with celebrities in California. He believes this would be a great opportunity for you to present the Republican side of things since so many of these entertainers and executives in the industry support Democrats.

We should receive the information by federal express tomorrow, and I will be sure to pass it on to Jo-Anne, and also let you review it if you wish.

Senator → Attached is the
information from
Larry Thompson -
I have sent Jo-Anne
a copy of it. - JJB

LARRY A. THOMPSON ORGANIZATION

INCORPORATED

May 5, 1992

The Honorable Bob Dole
Office of the Republican Leader
United States Senate
Room S 230, The Capital
Washington, D. C. 20510

Attn: Judy Biviano

Dear Bob:

Come to Los Angeles.

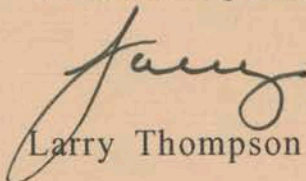
For obvious and even more subtle reasons, which I discussed with Judy Biviano in your office today, I think you may find giving the Keynote Address at either the Saturday, May 30th, or Sunday, May 31st luncheon for the Los Angeles Show Coalition's first ever "American Community Summit", a worthwhile endeavor.

I am enclosing all the relevant information. Please call me if you are interested and we can discuss this further.

Bob, during this crucial time, this is an opportunity to address not only the Hollywood Creative Community, but also Los Angeles in general, and the world at large.

Please advise.

Warmest regards,


Larry Thompson

LAT/cu
enc

345 North Maple Drive, Suite 183
Beverly Hills, California 90210



Telephone: (310) 288-0700
Fax: (310) 288-0711

**DUFF
MEDAVOY**

April 23, 1992

Larry Thompson
The Larry Thompson Organization
345 N. Maple Drive
Suite 183
Beverly Hills, CA 90210

Dear Larry:

Thanks so much for agreeing to help reach Senator Bob Dole. Attached you will find the original letter to Dole, the Summit Proposal describing the Conference, our current lists of participants and the Host Committee, (which has obviously grown since the letter to Dole went out.)

As I mentioned, there may be an opportunity for Dole to give a keynote address over lunch Saturday or Sunday. We are still waiting to hear from President Bush to see if he will do the keynote Sunday, which would be the best time for Dole to be there, if the President ultimately declines. Mike Granfield, a noted Republican-leaning economist, is serving on the Sunday afternoon panel on the Economy. This might be the best panel for Dole to serve on as well. It provides the Republicans the opportunity to address the domestic agenda from the macro view and emphasize their strengths historically in creating a strong, growing economic climate for the country.

We truly want to make this bi-partisan. If there is anything you can do to help I would be enormously grateful.

Many thanks again. If you have any more questions, please do not hesitate to call me at (310) 273-5511.

Sincerely yours,



Patricia Duff Medavoy

*I look forward to
seeing you next week -
But a million thanks
for anything you can
do with Dole! -
PDM*

270 N. Canon Drive, Suite 1346, Beverly Hills, CA 90212

310 - 273 - 5511 fax: 310 - 858 - 1484

Who is Show Coalition
Press or Bal?





Education

Empowerment

Action

30 January, 1992

The Honorable Bob Dole
United States Senator
141 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Dole:

As one of America's key policy and decision makers on domestic issues, I am writing to invite you to participate in a unique program which I think will be of considerable interest to you.

During the last weekend in May, the Los Angeles-based Show Coalition -- a non-profit organization which brings together many of America's top motion picture and television artists, producers, lawyers, business and industry executives -- will sponsor the first-ever "American Community Summit". This three-day program, which begins on Friday, May 29 on the campus of the University of Southern California, will bring together a small group of Republican and Democratic Congressional leaders, Executive Branch officials, governors, mayors and community representatives to discuss four critical domestic policy issues: education, family and children's issues, racism and the economy.

This bipartisan initiative, designed to provide an informal forum for our elected representatives to come together with those they represent, is intended to begin to build consensus on the domestic agenda. There will be no formal or prepared speeches during the conference sessions; instead, the format is designed to provide maximum opportunity for participants to share their views -- to "hear America speak".

Your travel to and from Los Angeles, as well as your accommodation and meals, will be covered by the Show Coalition and the business and community organizations from throughout the United States which will be co-sponsoring this program.

You have already contributed much to the content and direction of U.S. domestic policy, and your participation will not only enhance this unique dialogue -- but will give hope to those who appear to be giving up hope that positive solutions can be found to fundamental problems here at home.

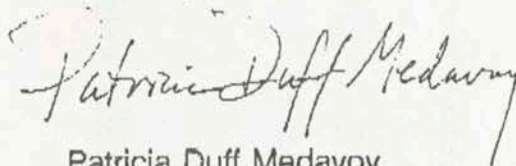
I hope you will review carefully the enclosed Summit background information. Our Host Committee, now in formation, to date includes such entertainment industry leaders as Mike Medavoy, Chairman of Tri-Star and film producer Tony Adams, Co-Chair

of the Board of Governors of The Show Coalition. I will send you the full Host Committee list as soon as it is completed.

I have asked our Summit coordinators, Mr. Doug Wilson and Mr. Mike Crusa, to be in touch with your office within the next several days. Please do not hesitate to contact them at (602)-258-4014 with any questions you have or additional information you may need. Of course, you can also contact me directly at (310)-859-1778 or by fax at (310)-859-1690.

Many thanks for your consideration of this invitation and of the enclosed materials. I look forward to hearing from you and to welcoming you to Los Angeles on May 29.

Sincerely yours,



Patricia Duff Medavoy

President
The Show Coalition

AMERICAN COMMUNITY SUMMIT PARTICIPANTS

Show Coalition is presenting the Conference in association with University of Southern California, The United States Conference of Mayors, and APCO Associates of Washington, DC

HOST COMMITTEE

The following individuals have accepted invitations to serve on the honorary Host Committee as of April 21, 1992. Additional names will be added as acceptances are received.

House Speaker Thomas Foley
Senate Majority Leader George Mitchell
Sen. William Cohen (R-Maine)
Sen. John Kerry (D-Massachusetts)
Rep. Jim Leach (R-Iowa)
Mike Medavoy - Chairman, TriStar Studios
Ron Meyer - President, Creative Artists Agency
Warren Littlefield - Chairman, NBC Entertainment
Robert Iger - Chairman, ABC Entertainment
Prof. Warren Bennis, Distinguished Professor of Business Administration, University of Southern California
Gregory and Veronique Peck (Academy Award winner, *To Kill A Mockingbird*)
Richard Dreyfuss (Academy Award winner, *The Goodbye Girl*)
Kevin and Cindy Costner (Academy Award winner, *Dances with Wolves*)
John Singleton (Academy Award winner, *Boyz N The Hood*)
Nancy Daly - Children's Action Network
Peter Dekom - Bloom, Dekom & Hergott
Marlee Matlin
David and Gloria Wolper
Chevy and Jayni Chase
Prof. Robert Reich, Harvard University
Stanley Sheinbaum - Los Angeles Police Commission
John and Susan Dolgen
Larry Thompson, Larry Thompson Organization
Melanie Griffith and Don Johnson
Dolores Robinson, Dolores Robinson Management

The following individuals have confirmed participation in the American Community Summit:

Senator George Mitchell (US Senate Majority Leader)
Senator John Kerry (D-Mass)
Senator William Cohen (R-Maine)
Senator Jay Rockefeller (D-W.Va.)
Senator Frank Lautenberg (D-NJ)
Senator Al Gore (D-Tenn.)

Rep. Jim Leach (R-Iowa)
Rep. Robin Tallon (D-S.C.)

Mayor Sidney Barthelemy (New Orleans)
Mayor Paul Johnson (Phoenix)
Mayor Jerry Abramson (Louisville)
Mayor Juanita Crabb (Binghamton, NY)
Mayor William Althaus (York, PA)
Terry Goddard (Past President, National League of Cities)
Mayor Maureen O'Connor (San Diego)

Plus:
Representatives of the White House

Community leaders from around the country: We are seeking to put together a demographic cross-section of the American people, represented by 10 citizens, to serve on the panels as well.

WE ARE STILL WAITING TO HEAR FROM THE FOLLOWING:

SENATE: Ted Stevens (R - Alaska)
Jake Garn (R - Utah)
Charles Grassley (R - Iowa)
Lloyd Bentsen (D-TX)
Orrin Hatch (R-UT)
Tom Harkin (D-IA)
Howard Metzenbaum (D-OH)
Paul Sarbanes (D-MD)
Jim Sasser (D-TN)

HOUSE: William Goodling (D-PA)
Matthew Martinez (C-CA)
Dave McCurdy (D-OK)
George Miller (D-CA)
Mary Rose Oaker (D-OH)
Leon Panetta (D-CA)
Tom Sawyer (D-OH)
James Scheuer (D-NY)
Pete Stark (D-CA)
Edolphus Towns (D-NY)
Bob Traxler (D-MI)
Patricia Schroeder (D-CO)
Solomon Ortiz (D-NY)
Barbara Boxer (D-CA)
Tom Campbell (R-CA)
Mel Levine (D-CA)
Les AuCoin (D-OR)
Pat Williams (D-MT)
Jolene Unsoeld (D-WA)

WHITEHOUSE:

Roger Porter
James Pinkerton
Sherrie Rollins
Jim Snyder
President George Bush
Vice President Quayle
Lamar Alexander (Education)
Andrew Card (Transportation)
Stephen Farrar
Theresa Gorman

GOVERNORS:

Bill Clinton (D-AR)
Roy Romer (D-CO)
Jim Edgar (R-IL)
Lawton Chiles (D-FL)

MAYORS:

David Dinkins (NY, NY)
Xavier Suarez (Miami, FL)
Maynard Jackson (Atlanta, GA)
Ray Flynn (Boston, MA)
Michael White (Cleveland, OH)

SHOW COALITION
THE AMERICAN COMMUNITY SUMMIT

AMERICA SPEAKS!!

THE
AMERICAN COMMUNITY
SUMMIT

"That old sense of community is gone, depriving us of shared values and familiar landmarks, making us more nervous, vulnerable and amenable to nonsense, violence and triviality. Fearful and alone, we seek refuge in the uncomfortable lie rather than face the uncomfortable truth."

Bill Moyers

A proposal by
SHOW COALITION
with DOUGLAS WILSON & ASSOCIATES

SHOW COALITION
THE AMERICAN COMMUNITY SUMMIT

Background

Profound and fundamental transformations are going on in American society:

We live in a time of erosion of a national sense of purpose, a diminishment of the spirit of community, in which it becomes harder to identify and live shared values. Over the last decade we have watched a growing disparity between the haves and the have-nots lead to a deterioration of the quality of life for the vast majority of Americans. Economic distress has only accelerated these trends, contributing to the tremendous increase in homeless individuals and families. Violent and senseless crime in neighborhoods coincides with an inability to control the sale and availability of the assault weapons often used in those offenses. We have witnessed an alarming increase in hate crimes and dehumanizing rhetoric aimed at races, ethnic groups, or any individuals deemed "different".

The stages on which these events are being played out are the communities of the United States — the cities and towns throughout the United States where more than 80 per cent of the population lives and works.

We are experiencing these traumas in the classroom, in the neighborhood, in the workplace, in the home — transformations which have taken place "while we weren't looking." The problems have by turns been ignored or we throw up our hands in helplessness. We run the very real danger of becoming inured to the man on the street with the sign "Will work for food."

As our need for leadership and direction grow more urgent, there has sadly developed a breakdown in communications between the local and federal entities responsible for dealing with these problems. While the people of America have begun to wake up to the crises in our communities, our leadership has failed to create the consensus necessary to solve these problems. When U.S. mayors and governors struggle for attention from Congress or the White House, hoping to increase federal assistance to state and local governments, it is ironic, as Bill Moyers has written, that "We send more foreign aid to Egypt than almost any other country, but there are more Americans living in substandard or overcrowded housing than there are people living in all of Egypt." It is among the host of ironies that increasingly attack the spirit of the American public.

We believe there is a consensus in our country to improve our quality of life — a consensus that needs only to be harnessed. We can unite for positive solutions — for remedies to illiteracy, homelessness, racism, drugs, violence and economic desperation.

This is why Show Coalition has decided to sponsor and organize the first-ever "American Community Summit". To begin to build consensus on the domestic agenda. To constructively bring our elected representatives together with those they represent. To offer the opportunity to hear America speak on those issues which together define the quality of individual and family life in the United States. To ignite the resolve to move together for solutions. To mobilize support for our leaders to work hand in hand with the American people. And, as we approach a new millenium, to build hope for a brighter future.

SHOW COALITION THE AMERICAN COMMUNITY SUMMIT

The Organizers

Show Coalition will sponsor the first-ever American Community Summit, scheduled for May 29 through May 31, 1992 in Los Angeles.

Show Coalition is a non-profit organization which focuses on vital issues confronting our society today. Show Coalition has been working to educate entertainment industry professionals through meetings, seminars and discussions with national and local office-holders, policymakers and experts on a wide range of issues. The organization has grown dramatically to over 300 members during its three years of existence.

Show Coalition is now focusing on some of the most critical domestic issues through its "Communities at Risk" Project. The organization is using the special skills and visibility of the entertainment and arts communities to highlight problems and galvanize support for solutions to the problems that have been neglected in our national agenda: illiteracy, racism and bigotry, violence, hunger and homelessness, among others. The American Community Summit will be a centerpiece of — and a springboard for — the continuing focus on "Communities at Risk."

Douglas Wilson, President of Douglas Wilson & Associates, Inc. — recognized nationally and internationally for conference work in Washington, Los Angeles, London, Seoul and Rome — will serve as Summit coordinator. Assisting Mr. Wilson will be Michael Crusa, President of The Summit Group and a specialist in Congressional and urban affairs. Corporate and community sponsors from throughout the United States will also be working with Show Coalition to develop this bipartisan Summit.

Participants

The Summit will bring together a small but representative number of men and women from key sectors responsible for developing and implementing domestic policies (the U.S. Senate and House of Representatives, the U.S. Executive Branch, Mayors, Governors, business and community leaders) together with some of America's most innovative domestic policy thinkers and practitioners — and with American citizens who, through their everyday work, themselves epitomize the challenges and opportunities of the domestic agenda.

Co-Sponsors

Show Coalition supports the dedication of organizations which have worked to forge progress on the key issues chosen for discussion at the Summit. In recognition of their efforts, several of these groups will be invited to co-sponsor the Summit. As Co-Sponsors, their names will be listed on all public and printed material, and will be invited to send a designated number of representatives to all sessions of the Summit. Most important to us, we want to be able to enlist their expertise as we develop the single-page issue topics for each session.

SHOW COALITION THE AMERICAN COMMUNITY SUMMIT

Goals

The major goal of the Summit is to “Hear America Speak”: that is, to provide an atmosphere for frank, informal discussion among those who make domestic policy — and those who must live with those policies. Other Summit goals:

- * To foster development of personal relationships between participants that will enhance communication and better enable local leaders to be part of the policy- and decision-making processes that affect their lives. Show Coalition hopes to start the process of turning what have become adversarial relationships between Washington's political leaders and American community leaders into more positive, team-building relationships — and to do so outside of the day-to-day Washington environment;
- * To identify and involve innovative community leaders, who will serve as discussion leaders;
- * To demonstrate to Congress, to the White House, to the media and to the public that each can and must become involved in and accountable for the crises of the American community.
- * To begin to develop a consensus addressing our domestic problems, so that the American Community Summit will be a beginning of a long-term process of dialogue and policy-making, rather than an end in itself.

SHOW COALITION
THE AMERICAN COMMUNITY SUMMIT

Issues

The American Community Summit will focus on four key issues

- * Education and illiteracy
- * Family and children's issues
- * Racism and intolerance
- * Economic challenges

Each issue area will be the subject of a separate Summit session. There will be no lengthy papers or formal, rhetorical speeches. Instead, the participants — seated around a table at which all have equal status — will engage in broad, informal dialogue on 4-5 key questions and topics on each issue area. One designated presenter will outline the topics at the beginning of each session, in a presentation strictly limited to 12 minutes. The moderator of each session will ensure that no single participant dominates any given session.

The format and issue-area focus of each session will provide opportunities for:

- * Presentations by innovative community leaders
- * Integration of specific issues under common and easily understandable thematic umbrellas
- * Broader discussion by the media and the American public
- * Identification of standards by which the public can measure progress, leadership and political commitment

Each of the four sessions will be open to the public (on a first-come, first-serve basis), and the final 30 minutes of each two-hour session will be devoted to questions from the audience.

SHOW COALITION
THE AMERICAN COMMUNITY SUMMIT

Summit-Related Events

American Community Awards

Show Coalition will present its first American Community Awards at the Summit's opening night dinner on Friday, May 29. Summit participants will join Show Coalition members and a broader Los Angeles-area audience to pay tribute to honorees selected from the entertainment and political fields for significant contributions to building and strengthening American community life.

Summit participants will have opportunities to strengthen their own relationships outside the formal sessions, at special events sponsored by Show Coalition and the entertainment industry.

SHOW COALITION
THE AMERICAN COMMUNITY SUMMIT

1992 AMERICAN COMMUNITY SUMMIT

Los Angeles, California
May 29 - 31, 1992

Proposed Schedule of Events

FRIDAY, MAY 29, 1992

Morning / Afternoon Arrival of Participants

7pm

**OPENING DINNER-SHOW COALITION PRESENTS
THE AMERICAN COMMUNITY AWARDS -**

SATURDAY, MAY 30, 1992

9:30am-12noon

SESSION I: FAMILY AND CHILDREN'S ISSUES

Noon

Luncheon, hosted by Show Coalition/
entertainment industry

2pm-4:30pm

SESSION II: RACISM AND INTOLERANCE

Evening

Free

SUNDAY, MAY 31, 1992

9:30am-12noon

SESSION III: EDUCATION AND ILLITERACY

Noon

Luncheon

2pm-4:30pm

SESSION IV: ECONOMIC CHALLENGES

Congress

Senator - F7I

Mailed to

Yeutter
Skinner
Watkins
Madigan
Reilly -

Gray

Record

ETHANOL AND THE REFORMULATED GASOLINE

Mr. DOLE. Mr. President, I am pleased that so many of our colleagues are here today to express their concerns I have been receiving in the time regarding EPA's decision regarding the reformulated gasoline under the Clean Air Act.

I commend my colleagues to all sides of the aisle. I know there are additional speakers who will be here or insert state RECORD today: Senator SIMON, Senator KERREY of Nebraska, Senator EXON of Nebraska, and maybe others on the Democratic side, and I know there will be a number on this side, too. So there is a bipartisan, nonpartisan interest in this subject matter. And I hope EPA is listening.

It is clear to me and clearly the intent of Congress that all oxygenated fuels, including ethanol blends, be included in the program. Under the narrow interpretation by EPA, ethanol was shut out of the program, and the result will certainly be higher gasoline prices for consumers, a dangerous increased dependence on fuel imports, and a severe economic blow to rural economies.

Mr. President, EPA now seeks comments regarding their proposed final reformulated gasoline regulations on this subject and will hold a hearing

May 18. Much of the debate has been technical in nature and involves a question of whether ethanol blends increase ozone formation and therefore would be excluded under the requirements of the Clean Air Act.

I am aware of a new comprehensive urban airshed modeling study involving the area around New York City. The results appear to be conclusive that ozone formation is not affected and may even be reduced by using ethanol-blended gasoline.

Mr. President, I do not claim to be a scientific expert on the Clean Air Act. However, I am satisfied by the results we are seeing from those who are.

For the RECORD, I am including a more comprehensive statement that lays out this problem in greater detail; a copy of a letter I recently received from the Renewable Fuels Association regarding the Airshed study in New York; a technical paper also from the Renewable Fuels Association detailing this issue; and a summary of the recently concluded study by the National Corn Growers Association that details their conclusions regarding the economic impact of not including ethanol in the program.

Mr. President, I ask unanimous consent that all of those statements be printed at the end of my statement.

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

(See exhibit 1.)

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with reference to ozone or other environmental areas. I want to underscore the importance of this problem and underscore the importance of the opportunities that have been expressed by the Senator from South Dakota [Mr. PRESSLER]; the Senator from Indiana [Mr. LUGAR]; and many others who have spoken this morning.

Based on the proven benefits of the air quality, increased domestic energy security, decreased farm costs, and increased rural income, I call upon the EPA to move immediately to resolve this situation, as Congress intended.

Obviously, we have a problem at EPA. I think they are antiethanol, at least they appear to be antiethanol. They have not been particularly cooperative. They are always looking for ways to put ethanol in a box. So if we cannot do it any other way, we will have to do it through legislation, through a technical amendment to the Clean Air Act. We believe it can be

done administratively. We believe it can be accomplished by the President of the United States working with the Environmental Protection Agency. We also believe that former Secretary of Agriculture Clayton Yeutter, who is now counsel to the President in the White House, understands this issue very well and is working as hard as he can to make certain we clarify what we thought was the law in the first place. But needless to say, the Environmental Protection Agency is an unyielding bureaucracy in many cases, and this is certainly one.

Congressional Record

ETHANOL AND THE REFORMULATED GASOLINE PROGRAM

Mr. DOLE. Mr. President, I am pleased that so many of my colleagues are here today to express the same concerns I have been raising for some time regarding EPA's implementation of the reformulated gasoline program under the Clean Air Act.

I commend my colleagues on both sides of the aisle. I know there will be additional speakers who will either be here or insert statements in the Record today: Senator SIMON, Senator KERREY of Nebraska, Senator EXON of Nebraska, and maybe others on the Democratic side, and I know there will be a number on this side, too. So there is a bipartisan, nonpartisan interest in this subject matter. And I hope EPA is listening.

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

(See exhibit 1.)

Mr. DOLE. Mr. President, I believe we have made the case, and I am working to organize a meeting between our Nation's leading corn growers, farmers, producers, rural people, and the President of the United States, President Bush, who, by the way, has told me many, many times that he supports ethanol. I want this meeting to occur with the President to underscore that this is a farmer's concern, a producer's concern, and I think we could also probably bring in a lot of consumers who would be very positive in their views on ethanol and what it may do with reference to ozone or other environmental areas. I want to underscore the importance of this problem and underscore the importance of the opportunities that have been expressed by the Senator from South Dakota [Mr. PRESSLER]; the Senator from Indiana [Mr. LUGAR]; and many others who have spoken this morning.

Based on the proven benefits of the air quality, increased domestic energy security, decreased farm costs, and increased rural income, I call upon the EPA to move immediately to resolve this situation, as Congress intended.

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EXHIBIT 1

ETHANOL AND THE REFORMULATED GASOLINE PROGRAM

Mr. President, as you know, I have taken a keen interest in the EPA's implementation of the Clean Air Act. I have sought to protect the very clear congressional intent that all oxygenates, including fuel ethanol, be allowed to compete fairly and effectively in the reformulated gasoline markets created by the Act.

I happen to believe that unless ethanol is allowed to participate in this important market, which could amount to as much as 70-percent of the total U.S. gasoline supply by the mid-90's, the program will end up costing consumers far more at the pump, increase our dependence on imported petroleum products, and have a devastating impact on rural economies.

Unfortunately, as proposed, the EPA's reformulated gasoline regulations effectively preclude the use of 10-percent ethanol blends. The problem is that EPA has narrowly interpreted the requirement to reduce mass-based ozone-forming volatile organic compounds (VOC's) as precluding the application of ethanol's volatility waiver to reformulated gasolines.

As a result, during the high ozone season (May 15 to September 30), marketers using ethanol to satisfy the oxygen content requirement of the Act will have to locate sub-RVP blendstocks in order to comply. Such a requirement imposes a prohibitive additional cost on ethanol blenders, and ignores the limitations of a fungible gasoline distribution system which severely restricts the availability or shipment of specially tailored gasoline blendstocks.

For their part, EPA has suggested that sub-RVP fuels will be economically available and that ethanol is not locked out of the market. Such statements, however, reveal a complete lack of understanding of gasoline production, ethanol blending practices, and the fuel distribution system. In short, EPA's projections of ethanol's likely marketshare in RFG markets are woefully inaccurate.

The fact is the regulations impose an economic penalty to marketers of ethanol blends, and that penalty, no matter how great or small, is not justified by environmental, energy, or marketplace considerations. Such an approach to the development of government regulation is counterproductive, contrary to congressional intent, and, frankly, no consistent with this Administration's deregulation philosophy.

EPA's enforcement mechanism for RFG focuses exclusively on the control of VOC's which are increased by the addition of ethanol, and wholly ignores the effect on ozone formation of reductions in Carbon Monoxide. Carbon Monoxide is a precursor to the atmospheric chemical reaction of Nitrogen Oxides and VOC's in the presence of sunlight that forms urban ozone. EPA has concluded that the reductions in Carbon Monoxide attributable to ethanol offsets the

impact of ethanol's increased VOC emissions on ozone.

The critical issue, then, is determining a means of reconciling EPA's VOC-driven enforcement scheme, with ethanol's overall emissions benefits.

It is important to emphasize that utilizing any of the above options to assure that ethanol blends will be able to compete in reformulated gasoline markets without the need for a separate and distinct RFG blendstock production, distribution and storage system will not undermine the environmental objectives of the Act.

A comprehensive Urban Airshed Modeling study was recently completed for metropolitan New York City (including northern New Jersey and Connecticut). This study, which assumed a 100-percent market penetration of E-10 blends, concludes that ozone formation is not affected, and could, in fact, be reduced by the addition of ethanol to reformulated gasolines. The study, which verifies previous urban airshed modeling with the same results, demonstrates there is no advantage for MTBE over ethanol, the oxygenate given preference in EPA's regulatory framework.

In fact, EPA has long recognized that reductions in Carbon Monoxide exhaust emissions resulting from the higher oxygen content of ethanol blends always mitigates and can offset the increased hydrocarbon emissions attributable to the higher volatility of ethanol blends.

EPA's conclusion regarding ethanol's impact on ozone cannot be changed by the introduction of reformulated gasolines. The fact remains, that while ethanol may increase VOC's, the emissions from ethanol are less reactive than virtually any other component used in gasoline, and the reductions in Carbon Monoxide attributable to ethanol-blended gasolines assure that ozone will be reduced.

Allowing the use of ethanol in reformulated gasoline, without requiring specially-tailored blendstocks, would make the program more flexible for refiners, assure that the environmental objective of reducing ozone is preserved, and utilize an important domestic resource in future fuel formulations—pure-grain ethanol.

It is important to note that if ethanol is effectively precluded from competing in the RFG market, the result will be a mandate for MTBE, with much of it imported. Such a result will further exacerbate U.S. energy security concerns.

Published reports indicate that more than 70% of the planned MTBE production expansion is sited overseas, including the construction of the world's largest MTBE facility with a daily production capacity of 33,000 barrels to be built in the former Soviet Union. In fact, facilities to produce more than 288,000 barrels per day of MTBE are currently in either the construction or engineering phase and are anticipated to be on stream before the requirements of the Clean Air Act are fully implemented.

Moreover, industry analysts have stated that approximately one quarter of the world MTBE supply will come from Saudi Arabia by 1995. Facilities operated by SABIC (Saudi Government), and several major U.S. oil companies are expected to increase the Saudi MTBE capacity to more than 70,000 b/d. By 1995, non-U.S. MTBE capacity is expected to exceed 4.5 billion gallons annually, more than triple current U.S. capacity.

It is important to note that this rapid expansion of MTBE capacity will be financed largely by the investment of major U.S. and international oil companies. Using a conservative estimate of \$1.30 per gallon of MTBE capacity, the total investment in

non-U.S. MTBE production facilities will exceed \$5.7 billion.

While U.S. MTBE capacity is also expected to grow, it is important to note that it will be sustained by increasing levels of imported methanol as the feedstock.

MTBE production is the largest consumer of methanol today, using more than 31% of total U.S. methanol supplies. In fact, total U.S. methanol production amounted to 1.1 billion gallons in 1988, with imports of 670 million gallons (40% of total U.S. methanol supplies). Imports of methanol in 1988 were up 71% from the 400 million gallons imported the previous year. Industry analysts indicate that the level of imported methanol for MTBE production is likely to continue to grow—to as much as 1.3 billion gallons by 1995, or more than three times the level of just four years ago.

In addition, if neat methanol fuel markets develop on a large scale as is proposed by the National Energy Security bill, the demand for imported methanol will be exponentially higher.

This approach maintains a dangerous dependence on Mideast oil, and could result in an equally dangerous dependence on Saudi methanol for our motor fuel and fuel additive needs of the future.

Finally, one cannot ignore the tremendous negative impact the exclusion of ethanol from RFG markets will have on rural economies. The National Corn Growers Association released the conclusions of an independent economic impact analysis at a Congressional hearing last week. The report demonstrates that the loss of the reformulated gasoline market for ethanol would have significant adverse impacts on the demand for corn, corn prices, government spending for support programs, net returns to corn farmers, and the American economy. The report's conclusion includes the following:

The loss of the reformulated gasoline market would reduce the price received by farmers for corn by an average of 24 cents per bushel.

The impact of lower corn prices would increase government expenditures for feed grain support programs by an average of \$1.9 billion per year for the period 1992 through 2005.

The reduced value of corn output alone would cost the U.S. Economy \$5.6 Billion per year in lower gross output. Total employment in the nation's economy would be reduced by as many as 134,694 jobs each year between 1992 and 2005.

There is simply no rational explanation for EPA's reluctance to resolve this issue favorably. Congressional intent is clear, ethanol is to compete effectively in reformulated gasoline. The President's instructions are clear, EPA must resolve this issue. The environmental effects are clear, allowing the use of ethanol may increase VOC's, but it will not exacerbate ozone and the reductions required by the Act will still be met. The energy security implications are clear, without ethanol we will exacerbate our growing dependence on imported oil. And the economic effects are abundantly clear, unless this regulation is changed, there will be a dramatically negative impact across rural America with lost jobs, lost economic growth, lost tax revenues across rural America. This regulation must be changed.

RENEWABLE FUELS ASSOCIATION,

Washington, DC, May 4, 1992.

Hon. BOB DOLE,

U.S. Senate, Washington, DC.

DEAR SENATOR DOLE In order to keep you apprised of our ongoing effort to dissuade the Environmental Protection Agency

May 7, 1992

CONGRESSIONAL RECORD — SENATE

S 6249

(EPA) from promulgating final reformulated gasoline regulations that preclude the use of ethanol, I want to briefly summarize two recent reports which clearly demonstrate that the proposed regulations forfeit significant environmental benefits and will add to the economic distress of rural America.

First, a comprehensive Urban Airshed Modeling study was recently completed for metropolitan New York City (including northern New Jersey and Connecticut). This study, which assumed a 100-percent market penetration for E-10 blends, concludes that ozone formation is not affected, and could, in fact, be reduced, by the addition of ethanol to reformulated gasolines. The study, which verifies previous urban airshed modeling with the same results, demonstrates there is no advantage for MTBE over ethanol, the oxygenate given preference in EPA's regulatory framework. We intend to present the final urban airshed results at EPA's public hearing on May 18.

Second, the National Corn Growers Association released the conclusions of an independent economic impact analysis at a Congressional hearing last week. The report demonstrates that the loss of the reformulated gasoline market for ethanol would have a significant adverse impact on the demand for corn, corn prices, government spending for support programs, net returns to corn farmers, and the American economy. The report's conclusion include the following:

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The reduced value of corn output alone would cost the U.S. economy \$5.6 billion per year in lower gross output. Total employment in the nation's economy would be reduced by as many as 134,694 jobs each year between 1992 and 2005.

Senator, these two reports—one environmental, one economic—provide dramatic support for the unrestricted use of ethanol in the reformulated gasoline program. Despite President Bush's directive that this issue be resolved, however, the EPA continues to resist the ethanol industry's effort to provide a more flexible approach to the certification of reformulated gasoline which would recognize ethanol's overall emissions benefits. As a result, ethanol continues to be locked out of this important future fuel market.

Thank you for your continued support and interest in assuring a viable role for ethanol in reformulated gasoline.

With warm regards, I am
Sincerely,

ERIC VAUGHN,
President.

[Presentation by the Renewable Fuels Association, Office of Mobile Sources Workshop, Environmental Protection Agency, Apr. 27, 1992, Ann Arbor, MI]

APPLYING A CARBON MASS EQUIVALENT TO THE EVAPORATIVE EMISSIONS FROM AN ETHANOL-BLENDED REFORMULATED GASOLINE

"Directionally, CO emission reductions from alternative fuels will assist in attaining the ozone NAAQS, but the strength of this effect has not yet been documented for the range of local conditions which affect ozone formation."—"Guidance on Estimating Motor Vehicle Emission Reductions From

the Use of Alternative Fuels and Fuel Blends," 29 January 1988; Emission Control Technology Division, Office of Mobile Sources.

As part of EPA's fuel volatility rulemaking, the Renewable Fuels Association submitted a modeling study utilizing the Empirical Kinetic Modeling Approach (EKMA), with Carbon-Bond IV, which modeled the impact on ozone formation of splash-blended, 10-percent ethanol blends (base gasoline at 10.5 RVP), at 100-percent market penetration in seven cities (Chicago, Boston, Washington, St. Louis, Nashville, Tulsa, and Phoenix).

"Reductions in CO emissions resulting from automobiles using ethanol blends always mitigate and often reverse any increases in urban ozone that might result from the evaporative emission increases identified with the use of ethanol blends."—"Evaluation of the Impact of Ethanol/Gasoline Blends on Urban Ozone Formation," Revised Final Report, 12 February 1988; Systems Applications Inc., San Rafael, California.

"The other major area of comment related to the environmental impact of permitting gasohol to be sold at a higher RVP than gasoline. Ultimately, the issue is to what extent ozone levels are affected. Gasohol interests claim that several phenomena reduced the ozone impact of higher RVP gasohol relative to gasoline of similar higher RVP (e.g., the lesser tendency of ethanol emissions to produce ozone (reactivity) compared to hydrocarbons, and a reduction in carbon monoxide emissions and thus a reduction in CO's role in ozone production).

"As detailed in the Final RIA, recent studies have indicated that the ozone impact of gasohol at 1.0 RVP higher than gasoline is less than we earlier believed (i.e., a range of about zero to 1 percent increase in ozone levels based on the analysis referenced in the Final RIA). . . . The 1.0 psi RVP allowance for gasohol adopted in this final rule thus reflects the moderation in EPA's concern about negative air quality impact. . . . Volatility Regulations for Gasoline and Alcohol Blends Sold in Calendar Years 1992 and Beyond," 55 Fed. Reg. 23658, 23665-23666; June 11, 1990.

"EPA recently commissioned a study by SAI which in addition to other fuel scenarios, attempted to quantify the ozone impact of oxygenated blends, taking into consideration both VOC and CO impacts. To combine all of the exhaust, evaporative, and running loss emission effects into a net effect, EPA provided SAI with MOBILE 3.9 based emissions. . . . [T]here is virtually no change in peak ozone levels for any oxygenated blend scenario when the urban airshed model is used. . . . Therefore, it appears that allowing a 1 psi RVP allowance for ethanol blends would not contribute to as significant of a change in ozone levels as EPA previously thought."—Final Regulatory Impact Analysis and Summary and Analysis of Comments, Phase II Gasoline Volatility Regulations, May 1990; Office of Mobile Sources.

The EPA-commissioned study referenced to in the FRIA is entitled "A Low-Cost Application of the Urban Airshed Model To the New York Metropolitan Area and the City of St. Louis (Five Cities UAM Study Phase I)," 15 May 1989, Systems Applications, Inc.

MOBILE 4.1 RESULTS

[1995 fleet mix emissions, g/mi]

Category	Base gasoline, 7.2 RVP	Ethanol blend, 8.2 RVP
Exhaust	1.04	1.04
Evaporative	.24	.34
Running	.17	.29
Refueling	.11	.11
CO	.06	.07
NO _x	12.92	9.01
Total VOC	.93	.95
	1.62	1.85

CARBON MASS EQUIVALENT

The "carbon mass equivalent" removes the weight of the molecular oxygen in the reduced carbon monoxide emissions due to 10-percent ethanol, and credits the remaining carbon against the VOC's increased by the 1.0 psi RVP volatility increase.

The molecular weight of carbon=12. The molecular weight of oxygen=16. Therefore, the carbon fraction of carbon monoxide is 12/(12+16), or, 0.4286 percent.

Carbon monoxide emissions of base gasoline from MOBILE 4.1 results=12.92 g/mi. Carbon monoxide emissions of 10-percent blend from MOBILE 4.1 results=9.01 g/mi.

Carbon mass equivalent=(12.92-9.01) × 0.4286 or, 1.68 g/mi VOC credit for the ethanol blend.

EPA'S METHANOL-FUELED VEHICLE RULEMAKING A TECHNICAL PRECEDENT FOR THE CARBON MASS EQUIVALENT

EPA included in this rulemaking an "organic material hydrocarbon equivalent," which eliminates the mass of inert molecular oxygen from the overall mass of methanol exhaust emissions. The regulation dictates that an "organic material hydrocarbon equivalent" is to be used to calculate the mass exhaust emissions from methanol-fueled vehicles. EPA stated the environmental rationale for utilizing a "carbon-based standard" to determine the methanol mass exhaust emissions is that, "the photochemical oxidation process leading to ozone production is carbon dependent."—Standards For Emissions From Methanol-Fueled Motor Vehicles and Motor Vehicle Engines," (54 Fed. Reg. 14426, 14432; April 11, 1989).

PROVIDING A "GENERIC HYDROCARBON UNIT DEBIT" TO THE CARBON MASS EQUIVALENT

In the methanol-fueled vehicle rulemaking, the "organic material hydrocarbon equivalent" deleted the oxygen mass from the methanol mass, still leaving a "hydrocarbon" for purposes of determining mass emissions. EPA promulgated various emission factors to be utilized in determining the respective exhaust emission fraction and evaporative emission fraction from methanol-fueled vehicles.

Emission factors, designated in terms of molecular weight, are applied to exhaust hydrocarbon emissions (a factor of 13.87), and evaporative hydrocarbon emissions (a factor of 14.23). (These fractions are codified at 54 Fed. Reg. 14535 and 14571, respectively.) In essence, these factors reflect the view that hydrocarbons emitted from motor vehicles are comprised of "generic" units made up of one carbon molecule and two hydrogen molecules.

The carbon mass equivalent is derived from carbon monoxide, not a true hydrocarbon. The molecular weight difference between carbon and hydrogen is a factor of 6. As the photochemical importance of carbon and hydrogen is equal in the atmosphere, it is necessary to apply a "generic hydrocarbon unit debit" to the carbon mass equivalent; i.e., reduce it by a factor of 6 (0.1667).

S 6250

CONGRESSIONAL RECORD — SENATE

May 7, 1992

MOBILE 4.1 RESULTS APPLYING THE CARBON MASS
EQUIVALENT

(1995 fleet mix emissions, g/mi)

Category	Base gasoline, 7.2 RVP	Ethanol blend, 8.2 RVP
Exhaust	1.04	1.04
Evaporative	.24	.34
Running	.17	.29
Resting	.11	.11
Refueling	.06	.07
CO	12.92	9.01
Total VOC	1.62	1.85

Carbon Mass Equivalent Calculation:

1. 12.92 g/mi CO - 9.01 g/mi CO = 3.91 g/mi CO.
2. 3.91 g/mi \times 0.4286 = 1.68 g/mi VOC credit (w/o debit).
3. 1.68 g/mi credit \times 0.1667 = 0.28 g/mi VOC credit.
4. 1.85 g/mi VOC (ethanol blend) - 0.28 g/mi "CME" = 1.57 g/mi VOC.

NATIONAL CORN GROWERS ASSOCIATION,
Washington, DC, May 6, 1992

IMPLEMENTING THE CLEAN AIR ACT AMENDMENTS OF 1990: IMPLICATIONS FOR ETHANOL DEMAND AND THE CORN SECTOR

(By John M. Urbanchuk, Vice President,
AUS Consultants)

EXECUTIVE SUMMARY

The Clean Air Act Amendments of 1990 (CAA) require selected U.S. cities and metropolitan areas to take definite steps to reduce carbon monoxide and ozone contamination of the atmosphere. One of the principal control mechanisms employed by the CAA is the requirement of increased oxygenate content of motor fuels. An increased level of oxygenate causes gasoline to burn more cleanly and reduces emissions of carbon monoxide and ozone creating compounds. The CAA mandates an average oxygenate level of 2.7% during the winter months in cities and metropolitan areas not in compliance with carbon monoxide (CO) standards, and requires areas not in compliance with ozone standards to achieve a 2.0 percent oxygenate level on a year-round basis.

Several alternative oxygenates are available for use in meeting the CAA mandates including MTBE (methyl tertiary butyl ether), TAME (tertiary amyl methyl ether), and ethanol. High levels of demand for MTBE and TAME would require significant imports which would increase our energy dependence on foreign suppliers. The U.S. agriculture sector could produce all of the ethanol we might require.

However, the reformulated gasoline regulations as proposed by EPA drastically limit the opportunity for ethanol. The purpose of this study is to examine the implications for the U.S. corn sector of a loss of the reformulated gasoline market for ethanol.

1. The base case of demand is predicated on full implementation of the CAA, 30% market share for ethanol blends in CO non-attainment areas, acceptance and use of ethanol in reformulated gasoline for use in the nine major ozone nonattainment areas, and maximum opt-ins by other areas not in compliance with ozone standards. Under this scenario, ethanol demand would increase to 3.5 billion gallons by 2005.

2. The alternative case is based on the loss of ethanol for use in reformulated gasoline in ozone nonattainment areas. Under this scenario, the CO program would be smaller and ethanol would receive a smaller share of the oxygenate market since most refiners and distributors would look to alternative oxygenates for full year use. Since no etha-

nol would be used in reformulated gasoline under this scenario, demand in CO markets would drop substantially in 1996 as the overlap ozone opt-in areas shift from ethanol to other oxygenates for most of their requirements. As a result, total ethanol demand would decline from current use of 975 million gallons to 845 million gallons in 2005.

The loss of the reformulated gasoline market for ethanol would have a significant impact on the demand for corn, corn prices, government spending for agricultural support programs, and net returns for American corn farmers.

The loss of the reformulated gasoline market would reduce the price received by farmers for corn by an average of \$.23 per bushel (9.1 percent) over the 1992-2005 period scenario.

The impact of lower corn prices would increase government expenditures for feed grain support programs by \$1.6 billion per year, or over \$21.4 billion over the 1992-2005 period if the reformulated gasoline market were lost for ethanol.

Farmer profitability would be hurt. Despite higher direct government payments to compensate for lower prices, lower ethanol demand caused by a loss of the reformulated gasoline market would reduce net returns to corn farmers by an average of \$6.85 per planted acre between 1992 and 2005.

The U.S. economy would suffer. Loss of the reformulated gasoline market for ethanol and reduced demand for corn to produce ethanol would cost the nation's economy \$9.7 billion per year in lower gross output between 1992 and 2005. Personal income would fall by almost \$3 billion per year, and over 130,000 jobs would be lost each year during this period throughout the entire economy.

The ACTING PRESIDENT pro tempore. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I yield myself 5 minutes from the time allocated Senator DOLE.

The ACTING PRESIDENT pro tempore. The Senator from Iowa may proceed for 5 minutes.

ETHANOL AND THE REFORMULATED GASOLINE PROGRAM

Mr. GRASSLEY. Mr. President, I am thankful that several colleagues, both Republicans and Democrats, are going to join in a period of discussion on some of the very bad activities of the Environmental Protection Agency. This activity can be described quite simply as antiethanol and aborting a very clear intention of Congress during the debate of the clean air bill when we passed an amendment over the opposition of the big oil companies. This amendment very clearly laid out the intent of Congress that ethanol be a part of the reformulated fuels section of the Clean Air Act.

I do not like EPA turning a deaf ear to this congressional intent. Not only are the bureaucrats at EPA ignoring the will of Congress, they are also ignoring the wishes of many of our administration's highest officials, including President Bush himself. As everybody knows during the 1988 campaign for the Presidency, President Bush made ethanol a very important part of the national security strategy and energy strategy of this country. Now

his own agency, EPA is thwarting that will of the electorate regarding the energy policy as expressed in the 1988 election for President Bush. It was very clear that both Congress and President Bush intended that ethanol could be certified as a reformulated gasoline. EPA, however, has taken us down a regulatory path that not only guarantees that ethanol will be absolutely cut out of this important clean air market but also it essentially mandates the use of MTBE.

The aim of this section is to reduce ozone by eliminating the emission of ozone-forming compounds.

Historically, Congress and EPA have recognized the additional benefits of ethanol, and have allowed a 1 pound per square inch variance for what is called Reid vapor pressure [RVP] which measures the likelihood of evaporation and emission of chemicals into the air.

For instance, carbon monoxide is recognized as a substance that contributes to the formation of ozone.

Furthermore, EPA has acknowledged that ethanol-blended fuels can reduce exhaust emissions of carbon monoxide by 25 to 35 percent. Yet, now all of a sudden EPA does not want to allow the variance for ethanol.

We have EPA officials talking out of both sides of their collective mouths. One official 1 week claims that these regulations would not preclude ethanol from the reformulated fuels program. The very next week another official admitted that if these rules are adopted, they will effectively cut ethanol out of the market.

If the latter is true, we will have destroyed the market for up to 600 million gallons of ethanol. Five thousand jobs are created for every 100 million gallons of ethanol produced. So we will be denying Americans nearly 30,000 jobs.

And what will we use for reformulated fuel? MTBE. Where will these world class MTBE plants be built? The answer is very simple. They are going to be built overseas. A vice president of a major oil company admitted as much when he stated that 85 percent of world class MTBE plants would be built in the very same countries that hold America's energy needs hostage.

Mr. President, today I join my colleagues in declaring that this country is not going to be controlled by unelected bureaucrats. The will of Congress and the President is not going to be undermined. EPA must follow the intent of Congress and the intent of President Bush.

The ACTING PRESIDENT pro tempore. The Senator from South Dakota [Mr. DASCHLE], is recognized.

Mr. DASCHLE. Mr. President, I ask unanimous consent that I be given 5 minutes under the standing order reserved for the Republican leader, Senator DOLE.

May 7, 1992

CONGRESSIONAL RECORD — SENATE

S 6251

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I commend the distinguished Senator from Iowa for his comments just now. I think he articulated the issue very well.

I join with him and many of my colleagues on both sides of the aisle in commenting on the current dispute between the ethanol industry and the Bush administration regarding the implementation of the Clean Air Act.

The whole controversy is deeply troubling for a variety of reasons, not only for its effect on the short-term growth of the domestic ethanol industry but also for the message it sends about our national priorities for the next decade.

There are two issues at play in the current dispute. First, whether the Administration will allow States with carbon monoxide nonattainment areas to limit the amount of oxygen in gasoline; and second, whether EPA will look at reduced tailpipe emissions in ethanol blends as an offset to their increased evaporative emissions in the reformulated gasoline program.

The first issue is very straightforward. There is no technical reason to cap oxygenates in CO nonattainment areas. In fact, according to EPA's own data, the more oxygen in the gasoline, the greater the CO reductions. Attempts to cap oxygen content are a blatant attempt by ethanol opponents to reduce the use of ethanol, which is the undisputed champ of CO reduction. Moreover, a cap is directly contrary to the intent of Congress, which specifically recognized the benefits of using 10 percent ethanol blends.

The second issue gets easily obscured in scientific rhetoric regarding mass emissions versus reactive emissions, carbon offsets, volatility and base fuel specifications. In reality, it is not this complicated. In fact, it has little to do with clean air.

There is ample scientific data showing that offsets in reactive emissions do occur so that ethanol can be, and is, an effective ozone fighter. If NO_x is the issue, as EPA appeared to claim at last week's House hearing, then the simple model should adjust other gasoline components, such as sulphur or olefins, to prevent any miniscule NO_x increases. It should not be used as a rigid vehicle for blocking ethanol from the clean fuels market.

The Bush administration and EPA are hiding behind a veil of interpretive data to make it more difficult for ethanol to be a full participant in the reformulated gasoline program. As the sponsor of the reformulated gasoline amendment, along with the Republican leader and many other Members on the floor today, I can attest that it was the intent of Congress to let ethanol play a role in reformulated gasoline. As long as ozone pollution was reduced, our amendment sought to let a wide array of oxygenates compete for

the market. The bill was designed to be fuel neutral.

I am confident that the final EPA rules will be written in such a way that ethanol will be able to compete. It would be too outrageous for anything else to happen.

The administration's entire approach to ethanol since enactment of the Clean Air Act amendments 2 years ago is very troubling. That history, which includes delays and the entire reg-neg process, raises questions about the administration's commitment to working with Congress to implement the intent of the bill. It also raises the larger question of our Nation's energy and economic goals.

To be honest, this whole dispute baffles me. I cannot fathom why rules were not drafted to ensure competition between oxygenates, as Congress had intended. I cannot fathom how the administration can even consider letting oxygen be capped. Finally, I cannot fathom how we are even having this debate considering the implications for our energy security and domestic economic development.

Because of the current debate, there is a chill on new ethanol investment in the United States. The largest American producer of ethanol has postponed its expansion plans, and many other investors are nervous.

No such chill exists in Saudi Arabia, nor in Iran, nor in Algeria, nor in any other Middle Eastern country. According to January 1992 statistics, 19 MTBE and methanol plants are in the final engineering stages or under study. This activity represents billions of dollars of investment and thousands of jobs, almost all geared to servicing the United States' clean air markets. All come at the expense of domestic ethanol producers, domestic methanol and MTBE producers, the domestic natural gas industry and, ultimately, our Nation's energy independence.

Is this what we really want? Do we want a flood of imported methanol and MTBE to displace imported crude and preclude domestic investment and jobs?

Without a strong signal from the administration on the clean air rules, and without something being done to block the anticipated flood of MTBE and methanol imports, OPEC will benefit as much from the Clean Air Act as farmers in my State or anybody's else's State. We hear talk from Secretary Watkins and President Bush that America's energy future will be imperiled if we do not open up the Arctic National Wildlife Refuge, and then we see this happening.

Mr. President, it is both frustrating and disheartening to see this scenario unfold. One way or another, we will see that this important issue is rectified.

I thank the President, and I yield the floor.

The ACTING PRESIDENT pro tempore. Under the previous order, the Republican leader has 1 hour under

his control. At this time the Chair recognizes Mr. DURENBERGER, the Senator from Minnesota.

Mr. DURENBERGER. Mr. President, I ask unanimous consent that I may proceed for 5 minutes under the designation of the Republican leader.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DURENBERGER. Mr. President, others have spoken to the genesis of the problem that brings us all to the floor today. I am going to try to just add some additional explanation to the seriousness of the EPA rule.

Mr. President, last month the Environmental Protection Agency issued its proposed rules for reformulated gasoline under the Clean Air Act. I believe that mandating the modifications to gasoline in the nine cities suffering the worst summertime smog problems is one of the most important air quality provisions in the 1990 amendments to the Clean Air Act.

Unfortunately, the way EPA has chosen to design its rule it will virtually exclude ethanol, an alcohol made principally from grain grown by American farmers, from any role in the reformulated gasoline marketplace. Because many cities will voluntarily participate in the reformulated gasoline program, as much as 60 percent of the gasoline sold after 1995 in the United States may be refined and sold according to EPA's reformulated gasoline standards. To unnecessarily exclude an American fuel from such a large portion of the market would be serious blow to American farmers and to our economy.

I believe that ethanol can play a role in reformulated gasoline without any negative air quality consequences. In fact, it is the air quality benefits of ethanol which bring it to the marketplace in the first place.

When I came to the Senate in the late 1970's there was a great deal of interest in gasohol, a fuel that is 10 percent ethanol and 90 percent gasoline, because of the energy problems facing the Nation. But ethanol didn't really catch on as a substitute for imported oil. It was the phaseout of lead in gasoline in the early 1980's that gave ethanol a boost into the marketplace.

Lead was added to gasoline to increase its octane and improve engine performance. But lead pollution in the environment is a serious threat to young children and the unborn and has been virtually banned from gasoline as a result. Ethanol has helped fill the octane gap created by the lead phaseout. Ten percent ethanol in a gallon of gasohol restores the engine performance without adding any new toxic pollutants to the environment.

Ethanol has another clean-burning advantage. One of the most serious pollution problems in our northern cities in the winter time is carbon monoxide. When you start a car on a cold winter morning the fuel does not

S 6252

CONGRESSIONAL RECORD — SENATE

May 7, 1992

burn well and carbon monoxide is produced in enormous quantities, enough to be a threat to those with heart problems and to pregnant women. Ethanol reduces carbon monoxide pollution because it contains more oxygen molecules than other components of gasoline and can improve the combustion process even in cold engines. Many of the 40 cities that do not meet Federal carbon monoxide pollution standards are looking to ethanol as a partial solution to the problem.

When the Congress worked on the Clean Air Act in 1989 and 1990, we learned that we could also make big progress on smog, which is a summertime pollutant of serious concern in dozens of our cities, by changing our fuel. We learned that gasoline can be reformulated at relatively low cost, so that it emits much less of the pollutants that form smog.

The Clean Air Act requires EPA to issue regulations for gasoline that will reduce smog-forming emissions by 15 percent in 1995. That provision was strenuously opposed by the oil industry. They called it Government gas and said it would cost 25 cents a gallon more than regular costs. Now, less than 2 years later many oil companies are running TV ads saying their fuel already meets the 1995 EPA standards for reformulated gasoline and are encouraging consumers to drive into their stations, if they want to help protect the environment.

When we passed the reformulated gasoline requirement here on the floor of the Senate, I had every expectation that it would be a good program not just for the environment but for the farmers of my State as well. They grow the corn that makes a good portion of the Nation's ethanol, and they have invested in ethanol production facilities. I expected ethanol to be a big part of reformulated gasoline.

I think everyone here in the Senate recognizes that the reformulated gasoline amendment only passed because of the support of the American farm community.

So, it was a real surprise to learn that EPA's rule is designed to preclude the use of ethanol in reformulated gasoline. I have reviewed the proposed rule. It departs from the specific requirements of the Clean Air Act in many other ways, as well. The failure of EPA to carry out the intent of the Congress in this rulemaking is very troubling to me and should be to all the Members of the Senate.

EPA developed this rule through a process that is called negotiated rulemaking. Essentially, EPA invited all the interest groups that it felt might have an interest in the legislation to come to a series of meetings and draft the rule through a committee process. The oil industry was invited, so was the farm community, and the ethanol producers, and the environmentalists, and the States. Representatives of these groups met for several months

and reached a consensus on a rule that all the special interests could support.

Unfortunately, the rule is not entirely consistent with the statute that the Congress enacted. It is contrary to the law in several respects. EPA is hoping that nobody will go to court and challenge the legality of the rule. In fact, that is a major reason for negotiated rulemakings, to prevent interest group litigation. Another reason is to exclude the Congress and the President from the regulatory process.

It is no secret that the White House is not happy with many of the rules that EPA has been writing under the Clean Air Act. EPA believes that it can keep the White House at bay by entering into these negotiated deals, allowing it to take refuge for the policy behind a consensus position of the interest groups. And the interest groups participate in these negotiations because they hope to get something they could not get when the legislation is before the Congress.

I am all for consensus in the policy-making process. And I believe that the regulatory agencies should work closely with the interest groups to assure that rules are sound and based on the best information available. But I am very much opposed to any procedure that is intended to circumvent the lawful requirements of a statute the Congress enacts and the President signs. However, accommodating the interest groups may be in a negotiation, they do not have the authority to change the law. That was done in this rulemaking on reformulated gasoline.

EPA needs to start over again on this rule and rebuild it on a sound legal foundation. And when it does, I urge that it give ethanol a fair chance to participate in the reformulated gasoline marketplace. Ethanol can be used in reformulated gasoline that meets the requirement for a 15-percent reduction in VOC's.

When it is used in that way the American public will be able to enjoy the other air quality and environmental benefits of ethanol and the American farmer will be able to contribute to the energy security of this Nation.

Thank you, Mr. President.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. BOND addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Missouri [Mr. BOND] is recognized.

Mr. BOND. Thank you very much, Mr. President.

IMPORTANCE OF ETHANOL TO RURAL AREAS

Mr. BOND. Mr. President, I would echo and concur with the statements already made by my colleague from Minnesota and my colleague from South Dakota about the environmental benefits of ethanol. I want to focus on one aspect of the ethanol debate and that is its importance to rural areas throughout America.

The Clean Air Act Amendments of 1990 were viewed by corn farmers as a

significant step toward creating an opportunity for corn-based ethanol to compete in the new oxygenate market for motor fuel.

Clearly, when Congress authorized the production and use of oxygenated fuels and reformulated gasoline in areas experiencing serious air pollution problems, the intent was to allow ethanol to compete fairly in this new market.

The law establishes a minimum oxygen level for gasoline in the 39 carbon monoxide nonattainment areas. This is because oxygenated fuels have been shown to reduce CO in these polluted areas.

Now, because of EPA delay, California and New York will try and place a lower cap on the amount of oxygen allowed in reformulated fuel sold in their State. These lower caps would preclude the blending of 10-percent ethanol, which provides a 3.5-percent oxygen level and reduces vehicle emissions of carbon monoxide by 25 to 30 percent.

Now, however, due to a perceived increase in nitrous oxide emissions [NO_x] resulting from use of ethanol, things are not so clear with ethanol. Because of the uncertainties surrounding the EPA's interpretation of the ozone provisions of the Clean Air Act, the ethanol industry has delayed construction of more than 350 million gallons of ethanol production which was slated to have started this year.

Currently, 1 billion gallons of ethanol are consumed per year. In 1990 approximately 400 million bushels of corn went into ethanol production.

In my home State of Missouri, although we do not currently have an operating ethanol plant, we are involved in serious negotiations with various companies regarding the building of ethanol plants. Projections indicate that Missourians could use 40 million gallons of ethanol in 1992.

If ethanol is not allowed to compete, these new rural economic development projects will not materialize. The jobs and economic benefits for our rural communities will disappear. Certainly we want to do everything to encourage rural economic development to take place, not discourage.

I call on the administration to look at all of the information concerning ethanol, to implement expeditiously the oxygenated fuel program in all carbon monoxide nonattainment areas, and to prohibit the imposition of cap by States on fuel oxygen content.

Mr. President, in summary, there are solutions to many of the cities' problems in the United States. Some of those solutions can be solved by the efforts of people in rural areas. The production of ethanol from corn grown in our rural areas changed into ethanol can be Godsend for areas experiencing economic difficulty. They, in turn, can significantly increase the

May 7, 1992

CONGRESSIONAL RECORD — SENATE

S 6253

quality of air and improve the lives of those in our cities.

I suggest, therefore, that the combination of the benefit to the communities where they are in nonattainment positions and the benefit to rural communities with a need for jobs is a compelling reason to move forward and to encourage rather than to discourage the use of ethanol.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Vermont [Mr. JEFFORDS] is recognized.

Mr. JEFFORDS. Mr. President, I have been allocated 5 minutes, is that correct?

The ACTING PRESIDENT pro tempore. The Senator is correct. The Senator from Vermont is recognized.

ETHANOL

Mr. JEFFORDS. Mr. President, not more than a few minutes ago I briefly spoke on the global warming issues which is one of the main environmental problems we have to address. At that time I advised people this is a connected subject, that is ethanol. Ethanol is one of those fuels that does not contribute to global warming but actually keeps us in the same situation we are in.

Our growing dependence on foreign oil is also another major problem crying out for action. There are jobs we need to create—more job opportunities. We hear over and over in this body how important it is to create new job opportunities. Ethanol and other home-grown fuels can provide an answer to all of these problems.

Ethanol and other biomass-based fuels provide an opportunity to develop a sustainable carbon cycle. There is no reason for our country to be taking tons and tons of carbon from below ground when we can continue to recycle tons of carbon that is already above ground. Our fossil fuel dependency is causing us to remove trillions and trillions of tons of carbon deposited over the millinium and put it back into the air over a period of mere decades. Unless we stop mining yesterday's carbon in huge quantities, we will never be able to get control of the climate change problem. That is the first reason why any environmentalist should strongly support moving away from fossil fuels and toward renewable fuels like ethanol.

Second, we are selling our country gallon by gallon to foreign interests. It is almost like we are being colonized. Over 200 years ago we waged a revolution against colonization, yet today we are headed right back where we started. Foreign interests are using our labors to increase their wealth. And we are letting them do it, pretending that we are protecting a nonexistent free market. This has to stop. Unlike other fuel alternatives, ethanol will be made here in America. Other components of cleaner fuels will not. For example, industry experts predict that 85 percent of the MTBE used in reformulated gasoline will come from other

countries. Not only does the resulting transfer of wealth rob this country of the capital it needs for growth, it increases pollution. No other country has the environmental laws that we do. Thus, if we are truly interested in protecting the environment, the more fuels we make here the better. We will regulate air, water, and land discharges better than any other country in the world. But, we cannot do that if the fuels are being made in another country. For this reason, environmentalists should support biofuels, and should support their use in America.

We are not doing this, however, because of some misconception about free market economics, while this free market disception is leaving our country bankrupt. I would briefly like to tell a story I read that I think tells a great deal about the problems we are facing, both in terms of energy and the environment, as well as about the recent unrest. In the book "For the Common Good," the authors discuss an experiment which I believe is very important. Allow me to quote from this book:

In these experiments, large groups of people are given tokens they can invest either in an individual exchange that returns 1 cent per token to the individual investing, or in a group exchange that returns 2.2 cents per token but divides these earnings among everyone in the group regardless of who invests. In other words, in the group exchange, the subject receives a share of the return on his own investment [if any] and the same share of the return of the investment in the group exchange made by the other group members. Most economists would predict that a self-interested individual would put nothing in the group exchange, because the group exchange would not maximize individual benefits. Most of the greater total benefits from investing in the group exchange would go to other members of the group. Moreover, those who do not invest in the group exchange nonetheless share in the proceeds from investments made in that exchange by others, i.e., they get a free ride. But, in fact, in a number of experiments people have voluntarily contributed substantial resources—usually between 40 and 60%—to the group exchange, that is, the public good. Many in the experiments have also said that a "fair" person would contribute even more than they did. The power of this experiment is particularly revealed when this same experiment is tried on a group of entering graduate students in economics. They, meaning the economists, contributed only 20 percent to the group exchange, found the concept of fairness alien, and were only half as likely to indicate that they were concerned with fairness in making their decision.

Economics can be used to maximize the public good or private wealth. Right now, a great many people in this country do not believe the current economic system is at all fair. Perhaps that is because we are enriching foreign individuals instead of investing in the group exchange called America. By investing in America everyone in this country gets a share of the investment. Americans get 2.2 cents per token, so to speak. Ethanol is one way to invest in the public good; continued reliance on other alternatives is tanta-

mount to investing in the private exchange where only a few share in the rewards. That is the second reason efforts to thwart biomass fuels made here in this country is bad for this country.

Last, the issue of jobs. Jobs are very intimately tied into the above example. We cannot create jobs if the money to do so is going overseas. But aside from the economics, allow me to address a demographic side of this issue. The easiest way to keep the air in cities clean is to keep people out of the cities. And, the easiest way to keep people out of the cities is to create job opportunities in the rural areas. Ethanol is an agriculturally derived fuel. Fostering ethanol fosters jobs in rural America. Rural America is losing thousands and thousands of residents as they head to the cities for jobs. By providing job opportunities closer to home, fewer rural residents will have to move to cities. It is as simple as that. Increasing the use of ethanol helps the agricultural sector, which helps the thousands of towns across this country. Furthermore, fostering the use of ethanol will also lower the Federal deficit as crop support payments will be down.

These are but a few of the reasons I believe ethanol and other biomass fuels are good not only for the environment, but also for America. Thus, I urge EPA to take a second look at its decisions with respect to the Clean Air Act. Are you really looking at the big picture, or focusing on one aspect of our environment? Would you rather we make clean fuels here, or import dirty fuels from the oil fields of the Middle East? Do not let the oil industry cloud your judgment with yet another oil smoke screen. We can clean up the air and make America stronger in the process. This sounds like a good deal to me, and I hope it does to you.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Indiana [Mr. LUGAR] is recognized.

OUR NATION'S FARM ECONOMY AND OUR ENVIRONMENT

Mr. LUGAR. Mr. President, I speak today on an issue which is important to our Nation's farm economy as well as to our environment.

In 1990, the Congress passed amendments to the Clean Air Act to clean up our Nation's airsheds. And these amendments were also designed to achieve their objectives through the use of renewable fuels. Projections were that the demand for ethanol could double by 1995.

Ethanol helps to clean up our air in two significant ways. First of all, 10 percent ethanol blends can play a major role in reducing harmful carbon monoxide emissions. It is important that States which must reduce their carbon monoxide emissions under the Clean Air Act should be able to opt-in to the use of ethanol in order to do so. I understand that EPA is in the proc-

ess of giving proper instructions to the States so that this oxy-fuel program can be realized.

Second, ethanol as an oxygen enhancer reduces toxic emissions in reformulated gasoline. The use of ethanol blends in reformulated gasoline is now under examination. There is concern that evaporative emissions from ethanol splash blends might increase ozone. EPA has recognized that ethanol splash blends increase nitrogen oxide emissions only a slight amount relative to the MTBE-blended gasoline alternative. And since ethanol is far less reactive than other compounds, there may be a compensating effect—ethanol has lower reactivity than the substances it would replace and is therefore less likely to produce ozone. This compensating effect is under review in the New York City metropolitan area. Data has been collected and should be analyzed promptly.

I would ask that EPA make a timely decision on these technical issues so that ethanol can play a major role in cleaning up our Nation's air.

Why is this issue important? The issue is important because ethanol is a renewable resource important to our farm economy. Economist John Urbanchuk of AUS Consultants is analyzing the effect of the Clean Air Act Amendments of 1990 on ethanol demand and on corn prices during the 1990's. He found that a steady increase in demand for ethanol from the current level of almost 1 to 2 billion gallons by 1995 and up to 3 billion gallons by 2005 could be realized if the Clean Air Act is implemented as we intended. But if the Clean Air Act Amendments of 1990 are not fully implemented, ethanol use could actually fall to less than current levels.

The impacts on corn markets of the oxy-fuel and reformulated gasoline programs are highly significant. In 1991, 390 million bushels of corn were converted to fuel ethanol in this country. If the Clean Air Act provisions are fully implemented, the use of corn for ethanol production could double by 1995. If they are not, there could actually be a decline in the demand for corn between now and 1995. Loss of the reformulated gasoline market would lower corn prices by an estimated average of 24 cents a bushel and would significantly increase Federal Government feed grain support expenditures.

Mr. President, we are at a crossroads where the farmer, as well as the environment, will either prosper or suffer significantly. We must take the right course of action to assist both the farmers and the cleanliness of our environment. Prompt resolution of the technical issues and attention to congressional intent is imperative.

I thank the Chair.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER (Mr. WOFFORD). The Senator from South Dakota.

ETHANOL'S FUTURE IS AT A CRITICAL STAGE

Mr. PRESSLER. Mr. President, this country's ethanol industry is at the most critical juncture of its young life. Decisions regarding the reformulated gasoline market will be reached soon by the Environmental Protection Agency [EPA]. Those decisions not only will determine the future growth of ethanol production in this country, but also will determine whether Clean Air Act standards will be met and our country's dependence on foreign energy sources lessened.

At issue are the EPA proposed regulations for the reformulated gasoline program [RFG]. The 1990 amendments to the Clean Air Act will result in more than one-half—60 billion gallons—of this Nation's fuel being reformulated to reduce emissions by the turn of the century. Unless amended to account for ethanol's overall emissions benefits, EPA's proposed RFG regulations could effectively preclude the use of ethanol blends.

Mr. President, the stakes are high. Precluding ethanol's participation in the reformulated gasoline market would reduce the price received by farmers for their corn by an average of 24 cents per bushel. South Dakota produces over 240,000,000 bushels of corn per year. A loss of 24 cents per bushel would cost South Dakota corn growers \$57.6 million annually. Such a drop in the price of corn would cost the average South Dakota corn grower \$10,000 each year.

Mr. President, these numbers are even more devastating when considered in a national context. Studies show that the reduced value of corn output alone would cost the U.S. economy \$5.6 billion per year. Total employment in the Nation's economy would be reduced by as many as 134,694 jobs each year until 2005—a total of 1,751,022 jobs.

Studies also have concluded that lower corn prices would increase Government expenditures for feed grain support programs by an average of \$1.9 billion per year between now and 2005—\$24.7 billion. Thus, the loss of the reformulated gasoline market for ethanol would hinder economic growth, increase costs to the Government, adversely affect corn prices, and cause economic hardships for corn producers nationwide.

Mr. President, ethanol production for fuel has increased every year since 1976. In 1976 fuel ethanol production utilized 25 million bushels of corn. Today ethanol production for fuel utilizes nearly 400 million bushels of corn.

The adverse impact of the proposed regulations on the reformulated gasoline market would hit hardest in South Dakota. Earlier this year, ethanol blended gasoline achieved a 42-percent market share in South Dakota. That figure was up from 34 percent in 1991 and just 13 percent in 1990.

Just this week, ethanol blended gasoline achieved a 44-percent market

share in South Dakota. These numbers clearly demonstrate a promising future for ethanol. If this trend continues, South Dakota soon will become the first State in the Nation to achieve a 50-percent market share for ethanol blended fuel—fuel which burns cleaner than straight gasoline.

The uncertainty regarding ethanol's role in the RFG program has placed more than 600 million gallons worth of planned ethanol production expansion in jeopardy. The proposed regulations effectively have frozen ethanol's future growth and potential.

The chilling effect on ethanol's future has resulted from EPA's very narrow interpretation of the Clean Air Act. The proposed regulations do not take into account the fact that ethanol use lowers carbon monoxide output. The proposed regulations erroneously have labeled ethanol a dirty fuel. This simply is not the case.

Mr. President, ethanol is one of the cleanest burning fuels available. On February 3, 1992, an EPA notice in the Federal Register stated that a volatility tolerance for ethanol blends should not adversely affect air quality overall. Also, EPA recognizes that reductions in carbon monoxide exhaust emissions resulting from the higher oxygen content of ethanol blends offset increased hydrocarbon emissions. The proposed regulations should use complex emission models and not simple emission models in measuring emissions.

The EPA repeatedly has concluded that when ethanol's total emissions benefits are accounted for, ethanol can help reduce carbon monoxide, toxins, and greenhouse gases that contribute to global warming. There is no more environmentally friendly fuel.

Mr. President, there is a solution to the dilemma in which the EPA has placed the ethanol industry. The EPA needs to reconcile its VOC-driven enforcement scheme with ethanol's overall emissions benefits. The VOC-driven evaluation system ignores the benefits of reducing carbon monoxide emissions. Available data demonstrates that reductions in carbon monoxide attributable to ethanol offset the effect on VOC's, which form ozone as a result of increased vapor pressure and increased volatility.

It is imperative that ethanol be allowed to effectively compete in the reformulated gasoline market. The ability to effectively compete in this market will determine the near-term growth and future development of the ethanol industry.

Increasing ethanol use will provide additional markets for South Dakota corn growers, benefit the State's agricultural economy and decrease the U.S. dependency on foreign oil. If other States follow South Dakota's lead, ethanol production and consumption will benefit the economies of communities nationwide.

There is a future for the ethanol industry. The ethanol industry should

May 7, 1992

CONGRESSIONAL RECORD — SENATE

S 6255

be permitted to have a role under the mandates of the Clean Air Act. Proper studies at the EPA can define that role and prevent the ethanol industry from being halted in its tracks.

I urge the EPA to consider my remarks and those made by my colleagues today concerning the reformulated gasoline market. Mr. President, the ethanol industry can play a significant role in our country's economic growth and in improving the quality of our environment. I will continue fighting as hard as I can to ensure that our ethanol industry continues to grow.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

THE USE OF ETHANOL

Mr. SIMON. Mr. President, I am pleased to join Senator DOLE and others who are questioning regulations that come down on the use of ethanol, regulations that, frankly, appear to an outsider to be dictated by the big oil industry rather than clean air considerations.

The EPA recently published their guidelines for the implementation of the Clean Air Act's oxygenated fuels program and reformulated gasoline program. These guidelines as they are set up remove incentives, believe it or not, for cities in CO nonattainment areas to blend ethanol in their gasoline and to move in a direction that we ought to be moving.

I contrast the regulations that have come down with what Richard D. Wilson, Director of the Office of Mobile Sources of Air and Radiation at the U.S. Environmental Protection Agency testified to last June. Let me read his testimony:

The car and truck population in this country is growing at a faster rate than the human population. The number of vehicle miles traveled has doubled from 1 trillion in 1970 to 2 trillion in 1990. As a result, motor vehicles account for about one-half of the hydrocarbon and nitrogen-oxide pollutants that form smog in our cities, up to 90 percent of the carbon monoxide, and over half of the toxic air pollutants. . . . Ethanol, methanol and their derivatives ETBE and MTBE are strong candidates to supply the extra oxygen needed in the Clean Air Acts reformulated and oxygenated fuels programs. . . . EPA believes that agriculturally derived renewable motor fuels will play a strong role in this innovation.

That is what the technical person, the technical expert, at EPA has to say.

But now they come down with the regulations, and lo and behold, they help the big oil companies rather than clean air. Let me add they hurt farmers.

Illinois is second only to Iowa in terms of corn production. The use of 340 million bushels of corn in ethanol has, among other things, raised the price of corn 15 to 20 cents a bushel and has reduced millions, tens of millions of dollars in farm subsidies, and has made us less dependent on the Middle East.

I speak from a State that produces ethanol. There are some who will say you have a conflict of interest. I come from a State with a lot of farmers. Archer Daniels Midland and Pekin Energy, two of the largest producers of ethanol in the Nation are in my State.

But listen to the technical experts. That is what we ought to be doing. We should not let big oil dictate what is happening. Let me just add—it has nothing to do directly with this and yet indirectly it does—I attended a subcommittee yesterday, the Antitrust Subcommittee, chaired yesterday by Senator DeCONCINI where we had the small, independent gas stations testifying that Exxon, Amoco, the big companies, were selling at their company-owned stations gas at a lower price than they would sell to the independents.

We have, for example, in the last 2 years lost one-sixth of our service stations in the State of Illinois. The big oil companies are reaching out with their muscle to squeeze the independents. Here the big oil companies are reaching out to squeeze an opportunity for clean air, and squeeze America's farmers. I do not think we should let them get by with this.

My hope is that the EPA will reconsider its regulations, listen to the technical experts and not the big oil companies, and respond to the needs in this country. If they do not, then I think we have to pass legislation. My hope is we do not have to follow the legislative route.

Mr. President, EPA very recently published guidelines for the implementation of the Clean Air Act's oxygenated fuel program and reformulated gasoline program. These guidelines remove incentives for cities in CO nonattainment areas to blend ethanol in their gasolines. This could have a devastating effect on the whole ethanol industry and on many rural economies.

These guidelines come at a time when ethanol is one of the leading fuels of choice by environmental-conscious consumers. Consumers are requesting viable options to regular gasoline. They ask out of concern for the environment, out of fear of our dependence on foreign oil and from an awareness that the expansion of the ethanol industry strengthens rural economies.

Last June, representatives from the Department of Energy, Department of Agriculture, and the Environmental Protection Agency testified before the Subcommittee on Agricultural Research and General Legislation on the

prospects of using agriculturally derived renewable fuels to meet standards mandated by the Clean Air Amendments of 1990.

Richard D. Wilson, Director of the office of Mobile Sources of Air and Radiation at the U.S. Environmental Protection Agency, testified at the June hearing. In his testimony, he stated that:

The car and truck population in this country is growing at a faster rate than the human population. The number of vehicle miles traveled has doubled from 1 trillion in 1970 to 2 trillion in 1990. As a result, motor vehicles account for about one-half of the hydrocarbon and nitrogen-oxide pollutants that form smog in our cities, up to 90 percent of the carbon monoxide, and over half of the toxic air pollutants. . . . Ethanol, methanol and their derivatives ETBE and MTBE are strong candidates to supply the extra oxygen needed in the Clean Air Acts reformulated and oxygenated fuels programs. . . . EPA believes that agriculturally derived renewable motor fuels will play a strong role in this innovation.

Dr. Charles E. Hess, Assistant Secretary for Science and Education at the U.S. Department of Agriculture, at that same hearing stated:

The Department of Agriculture is very much interested in the prospects for the ethanol industry. One of Secretary Madigan's goals is to provide additional sources of income for farmers by increasing demand for crops that have a commercial market. About 95 percent of the ethanol produced in the U.S. is made from corn—some 330 to 340 million bushels—which represents about four percent of the annual corn harvest.

It has been estimated that some 340 million bushels of corn per year are used for the nearly 1 billion gallons of domestically produced ethanol. This raises the price of corn 15 to 20 cents per bushel and save the Federal Government millions of dollars in farm subsidies.

Michael Davis, Assistant Secretary for Conservation and Renewable Energy at the U.S. Department of Energy stated, "Two-thirds of the world's proven oil reserves lie in the Middle East. . . . To reduce United States vulnerability to future market disruptions, the national energy strategy proposes a comprehensive set of initiatives aimed at increasing oil production capacity outside the Persian Gulf and at developing fuels and technologies that will reduce our dependence on oil." Mr. Davis went on to talk about the benefits of marketing alternative fuels, such as ethanol, methanol, compressed natural gas, electricity, et cetera, in an effort to reduce our dependence on foreign petroleum.

All three of these witnesses addressed important reasons why this country needs to promote the use of alternative fuels, and back in June, all three indicated that ethanol was an excellent choice as an alternative fuel. More than 40 cities across this country are having to comply with clear air standards laid out in the Clean Air Act Amendments of 1990. The want to choose a fuel that offers environmen-

tal and economic benefits to their State. Illinois and other Midwestern States have chosen ethanol.

Illinois could benefit greatly from a healthy ethanol industry. We are second only to Iowa in the production of corn and manufacture over 80 percent of the ethanol available on the market today. We are investing in an infrastructure for the distribution of ethanol. Many Midwestern States make ethanol and gasohol available at local gasoline stations. In fact, about one third of the gasoline sold in Illinois is blended with ethanol. Major cities, such as Chicago, are preparing to buy cars designed to run on ethanol for their fleets in order to comply with Clean Air Act standards. And, Archer Daniels Midland and Pekin Energy, the two largest ethanol producers in the country, have expansion plans for ethanol plants in the pipeline.

Congress intended for ethanol to be a component of reformulated gasolines, competing effectively with MTBE in this new market. And, those intentions were laid out in the Clean Air Act of 1990. EPA should consider ethanol's overall strengths as a clean fuel, rather than focusing exclusively on its drawbacks. While ethanol emits more volatile organic compounds than other fuels, it emits less carbon monoxide. Clearly, ethanol's benefits as a clean fuel offset its weaknesses. Ignoring this basic fact leads many of us to the conclusion that there are other motivations behind the promulgation of EPA's most recent guidelines, namely to promote the use of MTBE.

I join my friends and my colleagues in opposition to the EPA guidelines and ask that the administration submit regulations that reflect the original intent of the Clean Air Act amendments: to create a fair playing field for all alternative fuels.

Mr. President, I see the distinguished Senator from Nebraska on the floor, so I yield the floor.

A JOBS ISSUE

Mr. KERREY. Mr. President, I thank my friend from Illinois. This discussion is a rather important one, I think not only for the protection of our environment but also for the development of jobs here in America. Jobs are on the minds of every citizen in this country today. The word downsizing has cut through American confidence, and perhaps like no other time in the history of our Nation people are increasingly fearful that they are going to lose their jobs this year.

What the Environmental Protection Agency is doing with this regulation is promoting job growth outside of America. Most of these plants that will be used to produce methanol will be built outside the United States of America.

The regulations that EPA developed on the 31st of March I believe run contrary to the intent of Congress.

As proposed by the EPA, the regulations effectively preclude the use of 10 percent ethanol blends in the Clean

Air Act's reformulated gasoline program. This action contradicts the clear intent of Congress and, as the distinguished Senator from Illinois has so eloquently stated, it also contradicts the evidence of science.

We are not asking for a change that would run against the conclusion of those who have examined the issue. It is clear that EPA has a bias toward methanol and a bias against ethanol. I do not believe that Secretary Reilly has that bias. He was before the Appropriations Committee hearings chaired by Senator MIKULSKI, from the State of Maryland, and I believe him when he says he is neutral on the question of whether or not we should have ethanol and methanol, and that he is allowing the science to guide him. But I do not believe his subordinates have a similar view.

My hope is, as the distinguished Senator from Illinois has said, EPA will modify their regulation rather than force us, to with legislation to make this change.

It is forecasted that by the late nineties more than half of the Nation's fuel will be reformulated to reduce air emissions. The ability of ethanol to compete is critical to its ability to participate in the reformulated gasoline market.

This is again a jobs issue for America. It is not a question of trying to provide favorite treatment to some narrow interest. This is part of a larger effort to increase economic opportunity, and jobs opportunity for the American people.

The EPA has focused exclusively on the control of volatile organic compounds, which are indeed increased by the use of ethanol. EPA has also ignored the effect on ozone formation that comes as a consequence of ethanol's reduction of carbon monoxide. EPA practically ignored the positive benefits of ethanol in their efforts to give almost exclusive attention to the impact upon volatile organic compounds.

Further, with regard to the oxygenated fuels program for carbon monoxide, EPA specifically must not allow oxygenated fuels programs to be implemented by States which preclude the use of ethanol blends. Not only would this violate the intent of Congress, but it would reduce consumer choice and it forfeits additional reductions of carbon monoxide emissions.

Mr. President, the critical issue facing EPA is whether or not they are going to be willing to develop a method of determination which reconciles their obvious VOC-driven approach with ethanol's overall emissions benefits.

Mr. President, I join my colleagues who have been here this morning in urging EPA to restore the promise of ethanol growth, which will contribute to economic development and job creation, which will improve air quality, and which will, as well, reduce our dependence upon imported oil. In resolv-

ing these issues, ethanol will have access to new market opportunities, as Congress intended. We will be able to say with confidence that we have worked in a way that demonstrates our capacity to protect our environment and to create economic opportunity at the same time.

Mr. President, I yield the floor.

ETHANOL

Mr. HARKIN. Mr. President, I would like to join with my colleagues this morning, in objecting to the EPA regulations regarding the use of ethanol as a fuel additive. During the debate on the Clean Air Act amendments, Senator DASCHLE and I, along with other Senators succeeded in passing an amendment that set a level playing field for ethanol.

Our amendment to the Clean Air Act called for an average oxygen content of 2.7 percent with a 1 pound per square inch [psi] offset in volatility for the use of ethanol. Our amendment passed overwhelmingly by a vote of 69 to 30. Although the oxygen level was reduced to 2 in the final bill, EPA is now ignoring the intent of Congress by permitting California to set a maximum of 2 percent oxygen content, instead of an average of 2.

This EPA failure to enforce congressional intent will eliminate ethanol as a fuel additive in the Nation's worst ozone nonattainment area, since gasohol, the mixture of 10 percent ethanol with gasoline, has an oxygen content of 3.5 percent. The law we passed specifies 2 percent average oxygen content, so that gasoline suppliers could offer gasohol at 3.5 percent oxygen to offset other gasoline with less or no oxygen. With the 2-percent cap, no one can sell gasohol.

The EPA decision is based on a concern that too much ethanol increases the volatility of gasoline. That is, more gasoline fumes will evaporate with the addition of ethanol, increasing the emissions of volatile organic compounds, or VOC's. But VOC's are not directly deleterious. The key ingredient of urban smog that most stresses our health is ozone, not VOC's. Ozone is formed in the atmosphere when sunlight combines various chemicals, including VOC's, NO_x, carbon monoxide, and other chemicals.

The key question is whether ozone creation is increased with the use of ethanol, not whether volatile organic compounds are increased. Studies have indicated that reducing carbon monoxide will reduce ozone formation. Ethanol dramatically reduces carbon monoxide. Thus the addition of ethanol, according to several analyses, actually reduces ozone even though VOC's may increase.

This is why Congress also passed the 1 psi waiver for volatility when ethanol is added to gasoline. But once again, EPA is ignoring the law. EPA is failing to permit the one psi waiver, to account for the carbon monoxide reductions created by ethanol.

May 7, 1992

CONGRESSIONAL RECORD — SENATE

S 6257

Mr. President, we are not asking for an ethanol mandate. We are not asking EPA to rule that ethanol be guaranteed a certain percentage of the market for oxygenated fuels as we move to reformulated gasoline. We are only asking that the EPA regulations follow the law and permit gasoline blender to choose between ethanol and other additives such as MTBE, derived from fossil fuels.

Finally, let me add that the clean air amendments were designed to reduce carbon monoxide and ozone, but did not explicitly address the issue of global warming. But ethanol also contributes to the reduction of carbon dioxide, the primary greenhouse gas, since carbon dioxide is consumed when crops are grown to produce ethanol. Therefore regulations to allow the use of ethanol will reduce greenhouse gas emissions, as well as helping to clean up our air in carbon monoxide and ozone nonattainment areas.

CLEAN AIR ACT REGULATIONS RE: ETHANOL

Mr. EXON. Mr. President, I first want to thank my friend and colleague from Kansas, the distinguished minority leader, for asking several of us who have been in the forefront of ethanol promotions and programs over the years to come to the floor today to alert the Senate as a whole and the Nation to some continuing difficulties that we are having, surprisingly enough, with regard to ethanol and the role the role that ethanol can and should play in the energy independence of the United States of America, and clean air.

Mr. President, I join my colleagues in expressing continued disappointment in the Bush administration's handling of the Clean Air Act regulations as they relate to the ethanol program, ethanol should be become a basic component of our energy future instead we see roadblocks thrown in the way like many ethanol supporters in this body and throughout the Nation I am growing very tired of these administrative roadblocks.

Several weeks back I wrote to the President on this topic. In that letter I made two basic points. First, ethanol was indeed intended to become a meaningful component of reformulated gasoline under the Clean Air Act and second, the continued administrative delay runs contrary to one of the basic tenets of the President's State of the Union Address.

I hope and request at this time that a copy of my letter just referenced of March 20, 1992, be printed in the RECORD immediately following my remarks.

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

(See exhibit 1.)

Mr. EXON. Mr. President, I am sure my colleagues remember the President's much-heralded criticism of bureaucracy and unworkable regulations during his State of the Union Address. Judging from that speech, it appeared the President was about to wage war

on bureaucracy which stymies economic growth and development.

Unfortunately, in this case, those words ring hollow, indeed. Ethanol is suffering from protracted administrative delays. This I say to you, Mr. President, that unless we can be more understanding and recognize the need for ethanol and the desire clearly expressed, in my view, in the Clean Air Act that ethanol should indeed play a key part, then ethanol and all of the investment that is made in ethanol, starting with the States, amplified on by the Federal Government through many legislative actions, unless we are better attuned to the proposition that is now confounding all of us who have advanced ethanol for so long by what we believe to be an unreasonable and ill-conceived concept by officials of the Bush administration in its antiethanol programs, this program that has held such great hope for all of us to help decrease the dependence on foreign oil, and also to clean up our air, could go by the wayside.

EXHIBIT 1

U.S. SENATE,
Washington, DC, March 20, 1992.

The President,
The White House, Washington, DC.

DEAR MR. PRESIDENT: I was disappointed to learn of the collapse this week of White House negotiations on reformulated gasoline regulations. Such a delay appears to contradict one of the basic thrusts of your State of the Union Address—the economic necessity of streamlining and expediting federal regulations to promote economic growth.

As you know, ethanol supporters have been working with the Environmental Protection Agency in recent weeks to ensure that ethanol qualifies as a component of reformulated gasoline under last year's Clean Air Act amendments. I believe Congressional intent in this area is abundantly clear. Ethanol was indeed intended to become a meaningful component of reformulated gasoline.

Ethanol plant construction and expansion throughout the nation has been stopped dead in its tracks until this issue is resolved. Hundreds of new construction jobs have been put on hold. What's more, this delay means that the long-term agricultural and environmental benefits of clean-burning ethanol will not be realized in a timely fashion.

I encourage you to redouble your efforts on this front to ensure that expansion in the ethanol industry is not lost in a regulatory quagmire.

With best wishes,
Sincerely,

JIM EXON,
U.S. Senator.

Mr. EXON. Mr. President, I thank the Chair and I yield the floor.

Mr. COATS. Mr. President, I rise today to join my colleagues out of concern for regulations issued by the EPA which remove the incentive for ethanol use in the Clean Air Act's Reformulated Gasoline and Oxygenated Fuels Program. EPA has clearly steered away from the Senate's intent to ensure that ethanol is a viable component of reformulated gas.

Ethanol production is a large industry in Indiana, providing economic op-

portunity for the northern part of my State as well as an important market for some of the 700 million bushels of Hoosier corn produced annually. One facility in South Bend alone produces 8 percent of the Nation's ethanol. I have long supported the use of ethanol as a clean-burning, domestically produced, alternative fuel.

In 1990, with the strong support of President Bush, Congress passed important clean air legislation which created new opportunities for use of ethanol. The Clean Air Act amendments required the EPA to promulgate guidelines limiting the volatility of gasoline in ozone nonattainment areas. Congress also directed EPA to provide a 1-pound volatility tolerance from these regulations for ethanol blends.

EPA is interpreting the act narrowly to mean that the 1-pound volatility tolerance for ethanol blends will not be allowed in ozone nonattainment areas that are either required to use or that opt-in to the reformulated gasoline program. I am concerned that this interpretation will prevent future expansion in the ethanol industry, despite congressional intent to ensure that ethanol is a viable component of reformulated gasoline. Those of us from corn States know full well the importance of the compromise that was crafted to encourage ethanol use.

Ethanol is important not only to cleaning our air but also to guaranteeing our domestic energy security. It is also crucial that we, as a nation, continue to develop and advance alternative markets for U.S. farm commodities. I am committed to working with Senator DOLE and others to ensure that ethanol plays the role Congress intended for it in the Clean Air Act. I appreciate the administration's sensitivity to this issue. It is my hope that appropriate steps will soon be taken to ensure that EPA's regulations are consistent with congressional intent.

Mr. DIXON. Mr. President, I rise today to join my colleagues in expressing concern about EPA's proposed regulations for the Reformulated Gasoline and Oxygenated Fuels Programs. I am truly disturbed that, as proposed, the regulations will effectively preclude the use of 10-percent ethanol blends in clean air nonattainment areas. If allowed to take effect, these regulations will deal a serious blow to our domestic ethanol industry, threatening the growth and development in ethanol production, which was anticipated when the Clean Air Act amendments were passed.

As my colleagues have pointed out, the Reformulated Gasoline and Oxygenated Fuels Programs in the Clean Air Act amendments passed with overwhelming support. This was largely due to the clean legislative language assuring that ethanol blends would finally have a fair chance to help fill the market for oxygenated fuels. It is, therefore, inconceivable that EPA's

proposed regulations would now be written to lock ethanol blends out of the market.

EPA has stated in the past that oxygen content in gasoline is the most efficient and cost effective means of reducing carbon monoxide. The oxygen content of ethanol blends is almost twice that of other oxygenated fuels, and its ability to reduce carbon monoxide levels is greater than any alternative oxygenated fuel. In fact, it has been estimated that the use of ethanol blends will reduce motor vehicle emissions of carbon monoxide approximately 25 to 30 percent.

In addition to its environmental advantages, ethanol provides an important stimulus for rural economic development, and a reduced dependence on imported oil:

Ethanol increases the domestic demand for corn, in 1988, 340 million bushels of corn were used to produce 850 gallons of fuel ethanol, and adds a minimum of 20 cents per bushel to the price of corn. This translates into less reliance on Government price support programs and more production independence.

Ethanol helped reduce oil imports by nearly 400 million barrels per year in 1990. If we blend half our gas with 10 percent ethanol, we can reduce our trade deficit by \$4 billion annually.

It would truly be a travesty if such a valuable domestic resource were to be frozen out of contention for the important air pollution programs enacted as part of the Clean Air Act Amendments of 1990. I join my colleagues in urging that the necessary steps be taken to ensure that the Oxygenated Fuels Program and the Reformulated Gasoline Program permit ethanol-based fuels to fully participate, as intended by Congress.