HOUSE OF REPRESENTATIVES—*Wednesday, June 7, 1989*

The House met at 10 a.m.

The Reverend Kenneth Landelius, Chaplain to the Swedish Parliament, Stockholm, Sweden, offered the following prayer:

Heavenly Father, we thank You for this new day. We believe that our thoughts, courage, and work are in Your hands.

With Your vision of peace, justice, and health in our hearts we can build a new world.

You know who we are. But You also know what we can be when Your Spirit lives within us.

You are the Creator, full of love and grace. Let Your word lead us in our work today.

Give us freedom to find our security not only in what we can touch with our hands and see with our eyes.

The world, with all nations and people, belongs to You, Father. Therefore, You have a meaning with every moment of life.

Believing in Your plan for mankind we leave our lives in Your hands today and always. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. The Chair will ask the gentleman from New Hampshire [Mr. DOUGLAS] if he would kindly come forward and lead the membership in the Pledge of Allegiance.

Mr. DOUGLAS led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

WELCOME TO THE REVEREND KENNETH LANDELIUS

(Mr. STENHOLM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, I am, indeed, pleased to welcome, or I should say velkommen, to the House of Representatives the Reverend Kenneth Landelius, who serves as our guest chaplain, and who led us in this beautiful opening prayer.

This is Chaplain Landelius' first visit to our Congress and, indeed, his first visit to the United States. His visit occurs at a special time in the history of our House of Representatives, as this is the first day that our new Speaker has introduced the chaplain for the prayer.

Pastor Landelius is the chaplain of the Swedish Parliament in Stockholm, Sweden, and is the first chaplain to occupy that position.

The relationship between Sweden and the United States goes back for 200 years, and it should be noted that Sweden was one of the first countries to recognize our new democracy.

Of special note is the fact that my family is from Swedish background, as is the family of our House Chaplain, Jim Ford. In fact, one of Dr. Ford's family, Dr. Jens Anderson, served in the Swedish Parliament in 1759.

Mr. Speaker, I might add that I had an opportunity for the first time in my life to visit my home country, because both my mother's and father's families came from Sweden, and having the privilege and pleasure of finding the home of my great-great-great-grandfather was, indeed, an experience, which I hope you will find as enjoyable for you in your first visit here to the House of Representatives and to the United States.

On behalf of all of my colleagues, Mr. Speaker, I am pleased and honored to introduce Chaplain Landelius to our House and to welcome him to our country.

Mr. Speaker, I yield to my colleague, the gentleman from Tennessee [Mr. SUNDQUIST].

Mr. SUNDQUIST. Mr. Speaker, I thank my colleague, Svenska Pjoka, from Texas, for yielding.

Pastor Landelius, it is an honor for me to join in with the gentleman from Texas [Mr. STENHOLM] in welcoming you to this Chamber. I am a graduate of Augustana College, as is my wife, a Swedish Lutheran school in Illinois, and it is famous for the seminary there where Chaplain Ford was graduated, and we are grateful to have Chaplain Ford here with his Swedish background and friendship and great talent.

We want to thank you, Pastor, for being here today and giving the opening prayer, and say to you tacksa mycka.

ELECTION AS CHAIRMAN OF COMMITTEE ON RULES

Mr. HOYER. Mr. Speaker, by direction of the Democratic caucus, I offer a privileged resolution (H. Res. 168) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 168

Resolved, That John Joseph Moakley, of Massachusetts, be, and is hereby, elected chairman of the Committee on Rules.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to make an announcement.

The Chair announces that during the joint meeting to receive the Prime Minister of Pakistan, only the doors immediately opposite the Speaker and those on his left and right will be open.

RECESS

The SPEAKER. Pursuant to the order of the House of Thursday, June 1, 1989, the House will stand in recess subject to the call of the Chair.

Accordingly (at 10 o'clock and 7 minutes a.m.), the House stood in recess, subject to the call of the Chair.

□ 1051

JOINT MEETING OF THE HOUSE AND SENATE TO HEAR AN ADDRESS BY HER EXCELLENCY, MOHTRAMA BENAZIR BHUTTO, PRIME MINISTER OF THE ISLAMIC REPUBLIC OF PAKISTAN

The SPEAKER of the House presided.

The Doorkeeper, the Honorable James T. Molloy, announced the President pro tempore and Members of the U.S. Senate who entered the Hall of the House of Representatives, the President pro tempore taking the chair at the right of the Speaker, and the Members of the Senate the seats reserved for them.

The SPEAKER. On the part of the House, the Chair appoints as members of the committee to escort the Prime Minister of the Islamic Republic of Pakistan into the Chamber:

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

The gentleman from Pennsylvania, Mr. GRAY; the gentleman from Florida, Mr. FASCELL; the gentleman from Michigan, Mr. BONIOR; the gentleman from Maryland, Mr. HOYER; the gentleman from Illinois, Mr. MICHEL; the gentleman from Georgia, Mr. GINGRICH; the gentleman from Michigan, Mr. BROOMFIELD; the gentleman from California, Mr. LEWIS; and the gentleman from Oklahoma, Mr. EDWARDS.

The PRESIDENT pro tempore. On behalf of the Senate, pursuant to the order previously entered, the following Senators are appointed as a committee on the part of the Senate to escort the Prime Minister of the Islamic Republic of Pakistan, Her Excellency Mohtrama Benazir Bhutto, into the House Chamber:

The Senator from Maine, Mr. MITCHELL; the Senator from California, Mr. CRANSTON; the Senator from Arkansas, Mr. PRYOR; the Senator from Rhode Island, Mr. PELL; the Senator from New York, Mr. MOYNIHAN; the Senator from Illinois, Mr. SIMON; the Senator from Maryland, Ms. MIKULSKI; the Senator from Kansas, Mr. DOLE; the Senator from Indiana, Mr. LUGAR; the Senator from Kansas, Mrs. KASSEBAUM; the Senator from Minnesota, Mr. BOSCHWITZ; the Senator from New Hampshire, Mr. HUMPHREY; and the Senator from Mississippi, Mr. COCHRAN.

The Doorkeeper announced the Ambassadors, Ministers, and Chargés d'Affaires of foreign governments.

The Ambassadors, Ministers, and Chargés d'Affaires of foreign governments entered the Hall of the House of Representatives and took the seats reserved for them.

The Doorkeeper announced the Cabinet of the President of the United States.

The members of the Cabinet of the President of the United States entered the Hall of the House of Representatives and took the seats reserved for them in front of the Speaker's rostrum.

At 11 a.m. the Doorkeeper announced the Prime Minister of the Islamic Republic of Pakistan.

The Prime Minister of the Islamic Republic of Pakistan, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives and stood at the Clerk's desk.

[Applause, the Members rising.]

The SPEAKER. Members of the Congress, it is my great privilege and I deem it a high honor and a personal pleasure to present to you her Excellency, Mohtrama Benazir Bhutto, Prime Minister of the Islamic Republic of Pakistan.

[Applause, the Members rising.]

ADDRESS BY HER EXCELLENCY, MOHTRAMA BENAZIR BHUTTO, PRIME MINISTER OF THE ISLAMIC REPUBLIC OF PAKISTAN

Prime Minister BHUTTO. Mr. Speaker, on behalf of myself and my delegation, present in this hall, permit me to extend my warmest congratulations to you on the assumption of your high office.

Mr. President, distinguished Members of the Congress, As Salaam-o-Alaikum. Peace be with you.

We gather together, friends and partners, who have fought, side by side, in the cause of liberty.

We gather together to celebrate freedom, to celebrate democracy, to celebrate the three most beautiful words in the English language: "We the People."

I stand here conscious of the honor you bestow on my country and on me.

I am not new to America. I recall fondly my 4 years I spent here as a student at Harvard.

America is a land of great technology.

America is a land of economic power.

Your products are sent all over the world, a tribute to the creativity and productivity of your people.

But your greatest export is not material.

Your greatest export is not a product.

Your greatest export is an idea.

America's greatest contribution to the world is its concept of democracy, its concept of freedom, freedom of action, freedom of speech, and freedom of thought.

President Bush, in his inaugural address, spoke of a new breeze across America. In fact, this new breeze is sweeping the whole world.

In Afghanistan, the people have freed their country of foreign occupation.

In South America, the generals are returning to their barracks and the people to the halls of government.

In the Orient, the old order is changing and the demands growing.

Glasnost and perestroika are shaking the East bloc—the ultimate tribute to the strength of freedom, to the desire of people wherever they live to control their own destiny.

And it is the words of Lincoln, that are quoted—"a government of the people, by the people, for the people."

For many of us, the root of all this progress, the foundation of democracy, lies on this continent, 200 years ago, in your covenant of freedom, in words penned by Madison—"We the People."

My presence before you is a testament to the force of freedom and democracy in Pakistan.

Throughout 1988 the call for democratic change in Pakistan grew louder.

After a decade of repression the wave of freedom surged in Pakistan.

On November 16, the people of Pakistan participated in the first party-based elections in 11 years.

The Pakistan People's Party won a convincing victory, showing wide national support all across the four provinces of our great country. Democracy had at last returned to Pakistan.

We the people had spoken.

We the people had prevailed.

In its first days, our new government released political prisoners, legalized labor and student unions, and restored press freedoms.

We signaled our right of recognition to the role of the opposition in a democratic society, giving them free and regular access to the state media for the first time in our history.

We set as our focus reconciliation, not retribution.

Some claimed to fear revenge, revenge against the murderers and torturers, revenge against those who subverted constitutional law.

But, ladies and gentlemen, there was no revenge.

For them, and for dictators across the world—democracy is the greatest revenge.

For us the election was the end to an unspeakable ordeal.

A democratic government was overthrown in a military coup, and for 11 years dictatorship ruled our nation.

Political parties were banned.

Political expression prohibited.

There was no freedom of press.

The Constitution was suspended and amended into virtual nonexistence.

Women were subjugated, and laws written specifically to discriminate against them.

Political opponents were imprisoned, tortured, and hanged. It was the luckier ones who went into exile.

Our struggle was driven by faith—faith in our people's ability to resist—faith in our religion, Islam, which teaches us that "tyranny cannot endure; tyranny cannot endure."

It is this same faith which has fueled the battle for freedom next door in Afghanistan.

Both our countries have stood alongside the Afghans in their struggle for more than a decade.

For 10 long years the people of Pakistan have provided sanctuary to our Afghan brothers and sisters.

We have nurtured and sustained their families.

More than 3 million refugees are on our soil. Still more are coming, fleeing the bloodshed.

And we have welcomed them, housed them, and fed them.

And for 10 long years, the United States, in a united bipartisan effort of three administrations and six Congresses, has stood side by side with Pakistan, and the brave Mujahidin.

We both deserve to be proud of that effort.

But that effort did not come without a price. Our villages were strafed, our people killed.

Our peaceful country has changed. The war has brought the curse of drug addiction to Pakistan—over 1 million heroin addicts—to a land that never before knew it.

Our forests and natural resources have been depleted.

Yet our commitment to pay the price for freedom has not been shaken.

And now despite the Soviet withdrawal, peace has not returned to Afghanistan.

Even now the Soviet Government is giving full backing to the Kabul regime's efforts to cling to power.

It has left in its possession vast quantities of lethal weapons—weapons supplemented by a regular supply of hardware including Scud missiles, some of which have already hit Pakistan territory.

More threats have been received, threats to supply new weapons never before seen in the region.

The Soviets have gone. But the force of foreign arms continues to deny Afghanistan the ultimate fruit of victory—self-determination.

Those responsible for a decade of death and destruction now blame us for the continuing bloodshed.

They accuse us of interfering in Afghanistan. Nothing is farther from the truth, and nothing is more unjust.

Our concerns are for a stable, independent and neutral Afghanistan, an Afghanistan where the people can choose their own system, their own government in free and fair elections.

We in Pakistan would like to see the refugees return to their homes in peace and dignity.

Unfortunately, the conflict is not over. It has entered its closing stage, a stage often the most complex and difficult.

Distinguished friends, Pakistan and the United States have traveled a long road with the Afghans in their quest for self-determination.

Let us not at this stage, out of impatience or fatigue become indifferent. We cannot, we must not abandon their cause.

The world community must rise to the challenge which lies ahead. The challenge of achieving a broad-based, political settlement to the war, of rebuilding a shattered country, of helping the victims of war, of developing the Afghan economy.

Mr. Speaker, now Pakistan and the United States enter a new phase of an enduring relationship. Our shared interests and common international goals have not disappeared. If anything they have been strengthened.

Our partnership is not a friendship of convenience. For decades we have been tied together by mutual international goals, and by shared interests.

But something new has entered into the equation of bilateral relations—democracy.

We are now moral as well as political partners. Two elected governments bonded together in a common respect for constitutional government, accountability, and a commitment to freedom.

Because of the intensity of our struggle for freedom, we will never take it for granted in Pakistan.

Our democratic institutions are still new and need careful tending.

Democracy's doubters have never believed that it could successfully address the problems of developing countries. But democracy in Pakistan must succeed to signal nations in political transition all over the world that freedom is on the rise.

This is the time in Pakistan when democracy's friends must come forward. We need the time and the resources to build a truly strong constitutional government. If we succeed all democracies share in that success.

Today we are on the threshold of a new democratic partnership between our two countries, addressing new priorities. A partnership which addresses both our security concerns and our social and economic needs. A partnership which will carry us into the 21st century—strong in mutual trust, close in common interest, constant to the values we share; working in association with democratic governments all across the world to promote the values of freedom. This is the partnership, the new democratic Pakistan we hope to build with your continuing help.

The time is right, my friends, to make miracles in Pakistan. The dictatorship of the past has given way to the forces of the future. The years of social and economic neglect beg for redress. So I come to this land of freedom to talk about the future. The future of my country and the future of freedom everywhere. The future of our children—my child—and yours.

I come before you to declare that we cannot choose between development and democracy. We must work for both.

Partners in democracy must now focus attention on urgent problems which affect mankind as a whole.

The widening gap between rich and poor countries; environmental pollution; drug abuse and trafficking; the pressure of population on world resources; and full economic participation for women everywhere.

We must join together to find remedies and solutions for these problems before they overcome us.

Of all the crises facing us, my government is giving the highest priority to the problem of drug abuse.

We are determined to eradicate this plague from our country. To that end we have established a new Ministry for Narcotics Control.

We are taking vigorous action against drug offenders.

Our close cooperation—and that of other nations—must be strengthened if we are to turn back the tide of drugs sweeping your nation and mine.

So, too, must we work together, as partners, to avert the catastrophe of a nuclear arms race.

Speaking for Pakistan, I can declare that we do not possess nor do we intend to make a nuclear device.

That is our policy.

We are committed to a regional approach to the nuclear problem and we remain ready to accept any safeguards, inspections, and verifications that are applied on a nondiscriminatory regional basis.

Pakistan has long advocated the creation of a nuclear-weapon-free zone in the region.

A first step in that direction could be a nuclear test ban agreement between Pakistan and its neighbors in South Asia.

We are prepared for any negotiation to prevent the proliferation of nuclear weapons in our region.

We will not provoke a nuclear arms race in the subcontinent.

The United States has long held a commitment to peace in South Asia.

It is a commitment which Pakistan shares.

It is in this spirit of peace, of regional cooperation and bilateral partnership, that I come before you today.

This then must be our agenda, democracy and development, security and international cooperation.

The people of Pakistan appreciate the assistance you have given us, the assistance which you continue to give us.

Your military assistance has helped maintain a relative balance in the region. It has contributed to Pakistan's sense of security. It has strengthened the peace and stability of the South Asian region.

Mr. Speaker, everywhere the Sun is setting on the day of the dictator.

In Pakistan when the moment came, the transition was peaceful.

The whole nation, the whole nation, farmers, workers, the soldiers and civilians, men and women, together heralded the return of democracy.

The people have taken power in their hands.

But our work has just begun.

My friends, freedom is not an end. Freedom is a beginning.

And in Pakistan, at long last, we are ready to begin.

Our two countries stood together in the last decade to support the fight of the Afghan people for freedom.

Let us stand together now as the people of Pakistan strive to give meaning to their new-found freedom.

Come with us toward a tomorrow, better than all the yesterdays we knew.

History, the rush of events, perhaps even destiny have brought me here today.

I am proud to be the elected Prime Minister of Pakistan in this critical time.

It is an awesome obligation.

But in the words of John Fitzgerald Kennedy—"I do not shrink from this responsibility—I welcome it."

As a representative of the young, let me be viewed as one of a new generation of leaders unshackled by the constraints and irrational hatreds of the past.

As a representative of women, let my message be to them, "Yes you can!"

As a believer of Islam in this august Chamber, let my message be about a compassionate and tolerant religion, teaching hard work and family values under a merciful God, for that is the Islam and that is the Islam which we must all come to understand.

For me and the people of Pakistan, the last 11 years have encompassed a painful odyssey.

My countrymen and I did not see our loved ones killed, or tortured, or lashed, or languished in solitary confinement, deprived of basic human rights and freedom in order that others might again suffer such indignities.

We sacrificed a part of our lives and bore the pain of confronting tyranny to build a just society.

We believed in ourselves, in our cause, in our people and in our country.

And when you believe, then there is no mountain too high to scale.

That is my message to the youth of America, to its women, and to its people.

Thank you distinguished Members.

[Applause, the Members rising.]

At 11 o'clock and 32 minutes a.m., the Prime Minister of the Islamic Republic of Pakistan, accompanied by the committee of escort, retired from the Hall of the House of Representatives.

The Doorkeeper escorted the invited guests from the Chamber in the following order:

The members of the President's Cabinet.

The Ambassadors, Ministers, and Chargés d'Affaires of foreign governments.

JOINT MEETING DISSOLVED

The SPEAKER. The purpose of the joint meeting having been completed, the Chair declares the joint meeting of the two Houses now dissolved.

Accordingly, at 11 o'clock and 36 minutes a.m., the joint meeting of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

The SPEAKER. The House will continue in recess until the hour of 12 noon.

□ 1206

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. MONTGOMERY) at 12 o'clock and 6 minutes p.m.

PRINTING OF PROCEEDINGS HAD DURING THE RECESS

Mr. MOAKLEY. Mr. Speaker, I ask unanimous consent that the proceedings had during the recess be printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

RELATING TO THE COOPERATIVE ARRANGEMENT WITH JAPAN REGARDING THE FSX WEAPON SYSTEM

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 165 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 165

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (S.J. Res. 113) prohibiting the export of technology, defense articles, and defense services to codevelop or coproduce the FSX aircraft with Japan, and for other purposes, and the first reading of the joint resolution shall be dispensed with. After general debate, which shall be confined to the joint resolution and which shall not exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Foreign Affairs now printed in the joint resolution as an original text for the purpose of amendment under the five-minute rule and said substitute shall be considered as having been read. No amendment to said substitute shall be in order except the amendments printed in the report of the Committee on Rules accompanying this resolution, which shall be considered in the order specified in the report and if offered by (1) Representative Solomon of New York, or his designee, and (2) Representative Bruce of Illinois, or his designee, said amendments shall be considered as having been read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and a Member opposed thereto, and shall not be subject to amendment. All points of order against said amendments are hereby waived. If both of the amendments printed in the report are agreed to, only the last such amendment which is adopted shall be considered as finally adopted and reported back to the House. If the amendment offered by Representative Bruce of Illinois, or his designee, is adopted, the question shall not be put on the adoption of the committee amendment in the nature of a substitute, as amended, and the question shall be deemed to have been disagreed to. At the conclusion of the consideration of the joint resolution for amendment, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

□ 1210

The SPEAKER pro tempore. The gentleman from Massachusetts [Mr. MOAKLEY] is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from New York [Mr. SOLOMON], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 165 is a modified closed rule providing for the consideration of Senate Joint Resolution 113, prohibiting the export of technology, defense articles and defense services to codevelop or coproduce the FSX aircraft with Japan and for other purposes. The rule provides for 2 hours of general debate to be divided equally and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, after which the joint resolution shall be considered for amendment under the 5-minute rule.

The rule makes in order the Foreign Affairs Committee amendment in the nature of a substitute now printed in the joint resolution as original text and this substitute shall be considered as having been read. No amendments to this substitute shall be in order except the amendments printed in House Report 101-75, accompanying this resolution in the following order: One amendment to be offered by Representative SOLOMON or his designee and a second amendment to be offered by Representative BRUCE or his designee. Each amendment may be debated for 1 hour. These amendments are not subject to amendment and all points of order are waived against the amendments. If both of the amendments printed in the report are adopted, only the last such amendment adopted shall be considered to have been finally adopted and reported back to the House.

The rule further provides that, if the Bruce amendment is agreed to, the question shall not be put on adoption of the committee substitute as amended but shall be deemed to have been

disagreed to. This last measure is intended to obviate the need for further Senate action on this bill in the event that an amendment identical to Senate-passed version is passed in the Committee of the Whole.

Finally, Mr. Speaker, the rule provides for one motion to recommit with or without instructions.

Mr. Speaker, I strongly endorse this rule and the underlying bill. By making the Solomon amendment in order, the rule will provide Members with an opportunity to voice their displeasure with the FSX fighter-aircraft agreement; and by making the Bruce amendment in order, the rule will give the House a means of mitigating the threat that the FSX sale poses to America's competitiveness.

I appreciate the fact that the administration has sought to increase Japan's defense contribution through this deal. In fact, I applaud this effort. The technology transfers allowed in this bill may threaten the United States' preeminence in the aerospace industry—an industry that the Japanese are known to be actively pursuing.

This legislation would assist us in obtaining a guarantee that we are providing the FSX for Japan's defense needs and not for its commercial benefit. I strongly commend this rule and this bill to my colleagues.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the rule before us provides for the various points of view concerning the FSX codevelopment project with Japan to be heard, and it provides an adequate amount of time for that debate. The gentleman from Massachusetts [Mr. MOAKLEY] has explained the provisions of the rule, and so I need not repeat them at great length.

This rule is a variation on the king-of-the-hill theme. Following general debate, it shall be in order to consider the amendment I will be offering. Then the House shall consider the amendment to be offered by the gentleman from Illinois [Mr. BRUCE]. If his amendment passes, we shall proceed no further. The House will then have passed identical language to that which passed in the other body. If Mr. BRUCE's amendment does not pass, the House will then vote on the committee resolution.

My amendment is sense-of-the-Congress language. Owing to the fact that inclusion of such an amendment is a little unorthodox, I would like this opportunity to explain the procedural problem that I was up against. And I would also like to thank the Rules Committee for making my amendment in order.

Mr. Speaker, my amendment is aimed at correcting a problem. The problem is simply this: Neither the committee resolution we will be considering, nor the substitute version to be offered by Mr. BRUCE, afford Members of the House a clean-cut opportunity to cast a yes or no vote on the FSX deal itself. My amendment will provide that opportunity.

The argument will be heard, of course, that my amendment is moot—the sale is going to go through, regardless, so why waste time on a vote that doesn't mean anything? My response would be this: Proponents of this deal have managed to delay House consideration of the issue until after the 30-day review period mandated by the Arms Export Control Act had expired and yes, it has expired. So if the point is moot, it is thanks to them, those people, who kept this disapproval resolution from coming to the floor of this House.

But I would say further that any vote we take, even on sense-of-the-Congress language is important. It sends a message, and in this case, the whiz kids at the State Department and Commerce Department who negotiated the FSX deal should be the recipients of a message from Congress on this vote on this amendment. The message would be: "Negotiate one more of these losers and you'll never get it through Congress again." Think about that, State Department.

Mr. Speaker, at the appropriate time during debate Members will have the opportunity to go into detail about why the FSX deal is a bad idea, or a good idea. Suffice to say right now that many Members, from both sides of the aisle and all points on the political spectrum, and on the philosophical spectrum, have expressed serious reservations about the FSX deal. Close to 100 Members sponsored in this House a resolution of outright disapproval.

This point of view will be heard, and my amendment will provide Members with the only chance we will have to cast an unequivocal, unambigious "no" vote against the FSX deal. Again, I thank the Rules Committee for that opportunity, because they are going to let the will of this House work, even though it will be just a sense-of-the Congress resolution, I would certainly urge support of this rule. Even though it is a modified closed rule, it does have the support of the Republican and Democratic leadership, because both sides of the issue are being heard. Nobody is being gagged.

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 5 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I thank the gentleman for the time. I congratulate the new chairman of the Rules Committee.

Mr. Speaker, I would like to offer a few words. I will support the Solomon amendment. I am not sure what I will do on the Bruce amendment, but I do support the rule; but it is evident that the President made a decision and Congress now today will reinforce that decision to some degree by some action or some inaction, whichever you would like to call it.

The bottom line is that I cannot believe it. It seems that this deal actually wins the fortune cookie.

I come from a district that has been ravaged by trade policies that have been promulgated by "think tank" theorists. I have never seen or heard of one in an unemployment line. None of them knows what a soup line is. They have all these fancy theories, theories, just that, that do not approach fact. It is a projection of what one believes and thinks.

Let us take a look at it. We have two Toyotas in every garage now. What are we going to do? Are we going to open our gates to Mutual of Tokyo, let them come over and write the insurance on those Toyotas.

When is Congress going to stand up for the American worker and our American country?

We are not giving away the farm. We are sending it over duty free.

You know, 2½ years ago, Congress might recall when Japan announced $60 billion worth of public works projects to expand their seaports and airports. If you remember the Japanese law, it said, and I would like to let the Members on the other side of the aisle know, that only Japanese companies could apply. When the American press started going after them, here is what the Japanese spokesman said. He said, "Yes, it's true. We decided to keep the jobs and the money in Japan."

When the press went after them further because the Pentagon said, "My God, I can't believe this," the trade representative said, "Gee whiz, at a time like this, Congress is going to get upset."

When they pressed them further, the Japanese spokesman said, "We here in Japan take care of the interests of the Japanese people. Maybe the American Congress should start looking out for the American people."

I submit here to the Congress today that we have failed so far. In my district we have lost the whole steel industry.

□ 1220

After World War II we allowed the Japanese to come in and take pictures and photographs of our steel mills and factories. We were not satisfied with that. We gave them blueprints to take back so they could build up their economy, and they did. They have the factories today and we have the photographs. We have unemployment, we have home foreclosure. They are living high on the hog!

We are worried about everybody all over, and I know my voice is not being

heard here. I can look around and see that.

The truth of the matter is there are brave and valiant bodies laying in Arlington today that are rolling over in their graves because they thought they won a war. They never thought they would see the government allow the Japanese businessman to come over and take America from under them. What is the sign on Arlington going to say?

I say today the land of the rising sun is beginning to cast a great shadow over America, and there are no political eyes that are on it. We are just sitting here biding time and the shadow is looming larger and larger, and it is hanging over American business and workers. We can make direct deposit in a Japanese national bank in one of our major cities today. What is next?

I appreciate the time and I am going to vote for the rule. I am going to vote for the Solomon amendment. I do not know what I will do on the Bruce amendment. I do not think we do too much down here.

I would just like to end my little short statement by saying why do we not try and buoy up the interest of Uncle Sam instead of trying to find ways of justifying how we can go about giving our country away? Why do we not start looking at America and taking care of our own business? Take care of America first.

Mr. SOLOMON. Mr. Speaker, I yield such time as he might consume to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I would like to ask, if I may, the new chairman of the Rules Committee a couple of questions about this particular rule and about an item that is in it. There is an item in the rule on page 3 where it says "The question shall not be put on the adoption of the committee amendment in the nature of a substitute, as amended, and the question shall be deemed to have been disagreed to."

Can the gentleman from Massachusetts tell me the effect of that? It is somewhat unusual language in a rule.

Mr. MOAKLEY. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Massachusetts.

Mr. MOAKLEY. Mr. Speaker, the effect is if the Bruce amendment is the king of the mountain, rather than using that language, we would go back to the Byrd Senate amendment bill that is laying at the desk, and that would pass and go directly to the White House rather than going back to the Senate and going into conference.

Mr. WALKER. So what we are doing is avoiding a conference with this rule mechanism?

Mr. MOAKLEY. The gentleman is correct.

Mr. WALKER. We do not typically do that in rules, do we?

Mr. MOAKLEY. The problem is that the Senate is more interested in form than substance, and even though it is the exact same language that we would be passing, because we would pass it in the amendment stage it would have to go back to conference, and it would be tied up there.

Mr. WALKER. I understand the gentleman's point. But we are faced with a somewhat unusual circumstance here.

Mr. MOAKLEY. I would simply say to the gentleman that even though there were a conference, there would still be a matter in disagreement.

Mr. WALKER. I understand. But I am a little concerned about us again setting a precedent that we are going to take action on the floor through the rules that avoid the regular processes of the Congress, and I understand we are in a somewhat unusual circumstance here. But I have found in the past that some of these unusual circumstances come back later on and are cited on the floor as a precedent of why we ought to go ahead and avoid a conference because we have done it before.

I guess what I am seeking from the gentleman from Massachusetts is an assurance that this is not something which is going to be regularly used as a way of avoiding conference in the future.

Mr. MOAKLEY. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from Massachusetts.

Mr. MOAKLEY. We have the situation where the Senate has passed the identical same language, but because the Bruce language, which is the identical same language, would come to them as an amendment, it would be a conferenceable item and, therefore, it would serve little purpose to send it back into the conference. So this way we are taking the same identical language and we are sending it right to the White House.

Mr. WALKER. I understand exactly what the gentleman is doing. But the problem is that while in this instance it does, in fact, have the effect the gentleman says, we have in fact adopted language in a rule now that would allow us to avoid conferences in the future.

Mr. MOAKLEY. Only because it is the same identical language, period.

Mr. WALKER. Again, I understand, except that there is some concern that in this particular case the Senate has passed language which really does not reference the issue at all, and that we are in the House about to allow that language to come up on the House floor, and then suggest that there should be no conference about something which the Senate did, which is procedurally suspect. I mean the fact is the Senate waited until the last minute to deal with an issue that was supposed to be acted on in a 30-day period. Here we are acting on the floor after the 30-day period is up, so that really we have brought the issue to the floor more for form than for substance, I would say to the gentleman, and the Rules Committee has permitted something to come to the floor that is largely form without very much substance, because the period of time for disapproval has gone. Then we are writing a rule which says that we do not even go to conference to raise maybe the question of whether or not form rather than substance is a good idea as a way to legislate.

I just have to say that I am bothered by that because I think we are doing something here for political effect rather than as a means of governing effectively.

Mr. MOAKLEY. If the gentleman will yield further, if the gentleman is asking the question is this going to be an ordinary process entered into by the Rules Committee, the answer is no. This is a very extraordinary process.

Mr. WALKER. I appreciate that. That is a big help, and I would say to the gentleman I would also hope that we would also look in the future at this kind of activity basically coming back at us out of the Senate where in a sense the Senate has abrogated appropriate responsibility here, has not acted in a timely manner, brings something back to us we cannot act on in a timely manner, and yet the Rules Committee has allowed to come to the floor in a process which is untimely and, therefore, totally ineffective. Therefore, it seems to me, it is totally meaningless, and the only reason for having it up here then becomes kind of an exercise in politics that I do not think serves the House very well.

If I am to hear that we are trying to develop a more bipartisan atmosphere here, it does not serve very good ends to have something that is brought to the floor for largely political purposes.

I would hope in the future we might avoid that kind of thing. Where the Senate has given us a bad action, we ought not build upon it here on the House floor.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, without making excuses for the Rules Committee, let me just say that the Rules Committee should not be held totally at blame for this. The Rules Committee was asked by a standing committee of this House to bring this legislation in form rather than substance to the floor, and I think that

we really ought to point the finger at the Committee on Foreign Affairs and maybe not at the Rules Committee, although we certainly do not want to see this procedure followed through time.

Mr. WALKER. The gentleman makes a legitimate point. I would say one of the jobs of the Rules Committee, however, and one of its toughest jobs is to be a traffic cop, and if they are being asked by standing committees around here to do things which are irresponsible in terms of their ultimate floor action, it seems to me the Rules Committee has a responsibility not just to figure out ways to report their responsible actions to the floor, but rather to figure out a way to avoid floor action.

Mr. SOLOMON. If the gentleman will yield further, he is absolutely correct.

Let me just say that also if we had known that the other body was going to do what they are doing to the supplemental, the dire supplemental budget that we sent over there, and hold the veterans of this Nation hostage, and just in case Members who are here do not know what is happening, the other body has stripped out the drug money that was a big concern to everybody and now they are systematically loading it up with every single Christmas tree, pork barrel that they can think of over there. So where are the veterans today? Still being held hostage by that other body. The other body ought to be ashamed of themselves, and had I known they were going to do that I would have fought with every ounce of strength I had to keep us from not going to conference so that we could have gone to conference and given them a little of you know what.

Mr. WALKER. I thank the gentleman for his point. It helps make the point that I am making here. It does not seem to me that it serves this body very well or the country very well to allow irresponsible actions to be paraded across the Capitol Building, and for us to treat them as though it is the normal way of doing business, and then also avoid even going to conference where we can raise questions about their behavior. I think the gentleman makes my exact point.

The language in this rule is somewhat disturbing, but I am assured by the gentleman from Massachusetts that this will not be standard procedure, and I am grateful for that.

I yield back to the gentleman from New York.

□ 1230

Mr. MOAKLEY. Mr. Speaker, for purposes of debate only, I yield 5 minutes to the gentleman from California [Mr. LEVINE].

Mr. LEVINE of California. I thank the gentleman for yielding.

Mr. Speaker, I also wish to join with my colleagues in congratulating the gentleman from Massachusetts [Mr. MOAKLEY] on his chairmanship of the Committee on Rules.

Mr. Speaker, I want to compliment the Committee on Rules for fashioning a creative and thoughtful rule under some difficult circumstances. I would like to correct what may be a misapprehension from a part of the dialog that just transpired.

While the gentleman from Pennsylvania [Mr. WALKER] is correct when he indicated that we were dealing within a 30-day time period with regard to a resolution of disapproval, we are no longer, in terms of the resolution that will be before us today, focusing only on a resolution of disapproval. We will be dealing with a straightforward resolution which was substituted in the other body for the resolution of disapproval and that is not subject to a 30-day time period.

So I would hope that the record would reflect that, if we wanted to disapprove this transaction, which frankly I very much did want to disapprove as the original author of the resolution of disapproval in the House, I felt that the FSX and feel that the FSX is a bad deal for America and one that should have been disapproved, that needed to have been accomplished within a 30-day time period. Unfortunately, from the point of view of those of us, the gentleman from New York [Mr. SOLOMON] and myself and those of us on both sides of the aisle who felt that the proposal was a bad proposal, once the other body rejected the resolution of disapproval introduced in that body by the Senator from Illinois and the Senator from New York, that became moot in terms of actually disapproving the transaction.

I am pleased that the Members of this body, because of the creative rule that was fashioned, will have the opportunity to support the gentleman from New York in what is essentially a sense-of-the-Congress resolution to demonstrate the dissatisfaction that a number of us deeply feel with this transaction. But once that transpires, the action that we will then be asked to consider on the Bruce amendment in particular and also on the Solarz language which came out of the Committee on Foreign Affairs, it is entirely appropriate and entirely timely and does not need to be taken within a 30-day time period.

That having been said, I have been asked by a number of my colleagues on both sides of the aisle to try to clarify some of the procedural circumstances before us today and I would like to try to do that.

I think the gentleman from Massachusetts did that very well in his remarks when he outlined the nature of the rule. It is a good and a thoughtful rule.

I introduced originally a resolution of disapproval in this body. That resolution needed to be enacted by both this body and the other body.

Once the other body rejected that resolution of disapproval, that particular resolution became moot because it was clear that it could no longer be approved by both houses of the Congress.

Once that occurred, the distinguished gentleman from New York, the chairman of the Subcommittee on Asian and Pacific Affairs, Mr. SOLARZ, who will have the underlying resolution before us today, very thoughtfully and fairly crafted a set of hearings in the Committee on Foreign Affairs which carefully reviewed this entire process.

The gentleman from New York and I came to different conclusions with regard to the resolution of disapproval itself. I felt that the resolution of disapproval should be approved and it was my understanding the gentleman from New York throughout the process felt the resolution of disapproval was poorly conceived and one which he would not have supported.

Nevertheless the Committee on Foreign Affairs, after these thoughtful hearings, with an overwhelming vote which included Members on both sides of the aisle, approved language developed by the gentleman from New York which essentially would have simply implemented for this transaction some of the conditions and some of the assurances that were given to us by the administration and that were given to us by the Japanese Government.

Those representations were developed in the form of a proposal that was passed out of the Committee on Foreign Affairs. That was somewhat different from the so-called Byrd amendment that was enacted by the other body. It was a modified Byrd amendment in some respects, and I am sure the gentleman from New York will explain the substantive differences during his time in the debate.

We will have before us today, first, the language that came out of the Committee on Foreign Affairs. The first amendment will be sense-of-the-Congress language.

The SPEAKER pro tempore (Mr. MONTGOMERY). The time of the gentleman from California [Mr. LEVINE] has expired.

Mr. LEVINE of California. Mr. Speaker, may I ask for 3 additional minutes?

Mr. MOAKLEY. Mr. Speaker, since the gentleman spent 3 of his own minutes explaining something he did not intend to talk on, I yield 3 additional minutes to the gentleman from California.

Mr. LEVINE of California. We will then have before us sense-of-the-Congress language from the gentleman from New York which will give those of us who oppose the transaction an opportunity to express that and to communicate that.

We will then have under the king-of-the-hill process an amendment from the gentleman from Illinois which is identical to the language that was enacted by the other body. That language that will be nonconferenceable. If the Bruce amendment passes, and I think it is very important that the Bruce amendment be enacted, that will then send to the White House in a nonconferenceable fashion precisely what the other body enacted.

All the other body was trying to do and all that Mr. BRUCE is trying to do is hold our administration and the Japanese accountable to the assurances and representations they made with regard to this transaction.

I will try to go into some of the substance of that in the context of the debate on the Bruce amendment, but for procedural proposes at this point in support of the rule, I would like not only to support the rule but to urge my colleagues, however they vote on the other provisions before them—and I will be supporting the Solomon amendment to express our disagreement with the proposal itself—I strongly urge my colleagues to support the Bruce amendment because the Bruce amendment will be enacting, by this House, precisely that language that was enacted in the other body, thereby sending to the White House in a nonconferenceable form the conditions and assurances that were represented both by our administration and by the Japanese Government would be adhered to in the course of this transaction.

So I compliment the Committee on Rules for fashioning a rule that ultimately, if the Bruce amendment passes, will simply tie down a number of assurances and representations that were made both by our Government and the Japanese Government in the context of this transaction.

Let me spend about 30 seconds of my time saying that I think it is important that we in debating this transaction, however we feel about it—and I think it is a bad transaction—recognize that we are dealing with a government that is very friendly to the United States. We are dealing among friends on very difficult and contentious issues about which we may not always agree. But this is a debate between friends, a debate between two countries and two peoples that have a deep stake in maintaining that friendship.

As the author of the resolution of disapproval, I think that this proposal is bad for the United States. But that having been said, I think this is a discussion that needs to be understood to be one that continues to be held between friends and between Governments who have a significant stake in the maintenance of these friendly relations.

I congratulate the Committee on Rules and the new chairman for fashioning the kind of thoughtful and creative rule that he has put before us, and I strongly urge the support of the rule and the Bruce amendment once the bill hits the floor.

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the gentleman from Washington [Mr. MILLER], a member of the Committee on Foreign Affairs.

Mr. MILLER of Washington. I thank the gentleman for yielding.

Mr. Speaker, I will be very brief. I want to say the bulk of my comments later when we get to the Solomon and Bruce amendments.

But my distinguished colleague from California made some remarks that I want to briefly answer. I have no objection to the rule and I agree with the gentleman from California that this discussion should be carried on in the context of what will be an enduring relationship with our ally, Japan.

But I do want to differ with him in how the rule brings to the floor the so-called Bruce amendment.

Let us be perfectly clear about the procedure we are going through.

We were supposed to vote disapproval or approval of the FSX deal.

□ 1240

And when the opponents of the FSX—or we could say the proponents of the disapproval resolution—were not able to effectively get their way, they brought to the floor the Bruce amendment, which neither approves nor disapproves but basically establishes conditions, and as will be brought out in debate on the Bruce amendment, what these conditions will require is that the administration renegotiate the deal.

This, I think is unfortunate. I think this body should have voted its approval or disapproval of the FSX deal rather than take what I believe is the unseemly approach of saying, "Well, we are not going to approve or disapprove, but we are going to try to micromanage how the administration conducts its relations on this deal with Japan, and we are going to ask them to go back to the table to once again"—I should not say "renegotiate"—"re-renegotiate," because several of us, including the gentleman from California and myself, earlier this year asked the administration, before they sent this arrangement to the Congress, to look at certain aspects of it, and the administration went ahead then and did renegotiate. Now we are going to have before us shortly an amendment that would ask them to re-renegotiate.

This is not the way to carry on our foreign affairs relationships effectively. While I have great respect for the distinguished gentleman from California and the distinguished gentleman from Illinois, I believe that the procedure we have here today is questionable. While it is a creative rule and I am not objecting to the rule, we must be aware that where we end up is voting not on approval or disapproval but on something entirely different.

Mr. MOAKLEY. Mr. Speaker, for the purposes of debate only, I yield 3 minutes to the gentleman from Illinois [Mr. BRUCE].

Mr. BRUCE. Mr. Speaker, I thank the chairman of the Rules Committee for yielding me this time.

Mr. Speaker, I would like to clarify some of the debate I have heard this morning on the rule and explain exactly what is going to happen if either the Solomon amendment or the Bruce amendment or the committee action is approved by the House today.

First of all, I think the Members should make a very clear distinction in the collective minds of the House between the codevelopment memorandum of understanding and the coproduction memorandum of understanding. It is very clear to me that the amendment of the gentleman from New York [Mr. SOLOMON] is quite appropriate to express the sense of Congress that the memorandum of understanding on codevelopment should have been disapproved, and that is the essence of his amendment and one to which I do not object.

That memorandum of understanding, however, should have been done and objected to within a 30-day time limit, which expired at the end of May. Neither this body nor the other body can do anything about the memorandum of understanding on codevelopment. That is a done deal.

Then we address the next question, having expressed the sense of Congress that we should not have done that, and we face the Bruce amendment, which says on coproduction that there is no memorandum of understanding, we have not entered into negotiations on that matter, and we are going to, under the codevelopment memorandum, develop six prototypes. In the mid-1990's we will then go into production if we have an item that is worthy of production.

The Bruce amendment addresses that item of coproduction, not codevelopment. We are not renegotiating or re-renegotiating anything. It has in fact not been negotiated at all, and it says in two specific places: Hot engine technology and third country sales, and it says that we think the U.S. Government's position, when we negotiate the coproduction memorandum of understanding, ought to be included. And as a sense of Congress, there is a third point that we ought to negotiate, a 40-percent share that is not

mandated, that there ought to be a 40-percent share of American production in those items when we get to it 6 years from now.

The memorandum of understanding on codevelopment which the gentleman from New York [Mr. SOLOMON] will address is appropriately addressed. The Bruce amendment addresses the coproduction memorandum to be addressed in 6 years. We ought to be about that. I think it is reasonable that both amendments move forward, and that this House express itself on the program of codevelopment and coproduction on the FSX.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, I would like to take this opportunity to congratulate the new chairman of the Rules Committee, the gentleman from Massachusetts [Mr. MOAKLEY]. He takes the place of a legend in this House, Claude Pepper. He takes on an awesome responsibility, but I can think of no other Member of this House more qualified or more capable to take over that position.

I might also just recall the words of our new Speaker, TOM FOLEY, in the next-to-last paragraph of his speech before this body yesterday in which he said he would do everything in his power humanly possible to be fair to every Member of this House on both sides of the aisle. I would just say to my good friend, the new Speaker, Mr. FOLEY, and to my very good friend, the gentleman from Massachusetts [Mr. MOAKLEY] that the very best place to start that fairness doctrine is in the Rules Committee; and I for one look forward to working with a great new Speaker and a great new chairman of the Rules Committee.

Mr. Speaker, I yield back the balance of my time.

Mr. MOAKLEY. Mr. Speaker, let me say to the gentleman from New York [Mr. SOLOMON] that we started that process already when we allowed the Solomon amendment to be made in order on this bill.

Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. SOLARZ].

Mr. SOLARZ. Mr. Speaker, I thank the distinguished gentleman for yielding me this time.

Mr. Speaker, I will save my comments on the substance of this issue for the general debate on the legislation, but for the purposes of the rule I would like to respond to one observation made by my very good friend, the gentleman from New York [Mr. SOLOMON], whose departure from the Foreign Affairs Committee is a source of continuing anguish to those of us who remain inasmuch as our sessions are not nearly as lively as they used to be in the days when he was an active member of our committee.

What I want to say to my friend, the gentleman from New York, and for the record, is that it is simply not true that the Foreign Affairs Committee or the Democrats on the Foreign Affairs Committee blocked consideration in our committee of the resolution of disapproval on the FSX. Quite to the contrary. We had assured the leading opponents of the FSX deal, who included a number of prominent Democrats such as the gentleman from Missouri [Mr. GEPHARDT] and the gentleman from California [Mr. LEVINE], that we were going to bring up the resolution of disapproval in our committee, and we had every intention of doing so. When the Senate, however, voted to reject the resolution of disapproval on the FSX, the leading proponents of the arrangement in the House did not ask us to bring up the resolution of disapproval in the Foreign Affairs Committee on the grounds that it had been made moot by its rejection in the Senate.

Nevertheless, let me assure my friend, the gentleman from New York, that if we had been asked to bring it up for vote in our committee, we would have brought it up for a vote in our committee. The only reason we would not is that at that point, since the resolution of disapproval had been defeated in the Senate, there was a feeling that it would not serve any useful purpose to bring it up in our committee. In any case, nobody asked us to bring it up.

So I simply wanted to make it clear that far from attempting to sit on that resolution, far from attempting to bottle it up, we bent over backward to give the opponents of the sale every opportunity to make their case and move their legislation. It was their decision not to bring it up, which was the basic reason why we did not vote on it in our committee.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield, respectfully?

Mr. SOLARZ. Certainly, I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, let me state my understanding of the rules in the House and the Senate.

The SPEAKER pro tempore (Mr. MONTGOMERY). The time of the gentleman from New York [Mr. SOLARZ] has expired.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. Mr. Speaker, it was my understanding that the rules of the House and the Senate would have allowed, after the Senate rejected the resolution of disapproval and amended it, to make it a resolution of approval, with conditions, vis-a-vis the Byrd amendment; that once they did that and then we passed in a timely manner the resolution of disapproval, we understood that it becomes an accomplishable action and we could have gone to conference, and we would have won and we would have then disapproved the sale.

□ 1250

Mr. SOLARZ. Mr. Speaker, the parliamentary interpretation of the gentleman from New York [Mr. SOLOMON] may be correct. My only point is that once the resolution of disapproval was defeated in the Senate, the supporters of the resolution of disapproval in the House did not ask us to bring up the resolution of disapproval in our committee because, rightly or wrongly, they believed the issue had been rendered moot by the action of the Senate. Maybe they misread the rules. Maybe they did not understand the rules.

Mr. SOLOMON. Mr. Speaker, that is too bad because they deprived the Members of this House of a vote of disapproval.

Mr. MOAKLEY. Mr. Speaker, I understand that the gentleman from New York [Mr. SOLOMON] has no further requests for time.

I have no further requests for time, Mr. Speaker, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 314, nays 96, not voting 23, as follows:

[Roll No. 77]

YEAS—314

Ackerman	Boxer	Davis
Akaka	Brennan	de la Garza
Alexander	Brooks	DeFazio
Anderson	Browder	DeLay
Andrews	Brown (CA)	Dellums
Annunzio	Bruce	Derrick
Anthony	Bryant	Dicks
Applegate	Bustamante	Dingell
Archer	Byron	Dixon
Aspin	Campbell (CA)	Donnelly
Atkins	Campbell (CO)	Downey
AuCoin	Cardin	Dreier
Baker	Carper	Durbin
Barnard	Carr	Dwyer
Bartlett	Chandler	Dymally
Bates	Chapman	Dyson
Beilenson	Clarke	Early
Bennett	Clay	Eckart
Bentley	Clement	Edwards (CA)
Bereuter	Clinger	Emerson
Berman	Coble	Engel
Bevill	Coleman (MO)	English
Bilbray	Coleman (TX)	Erdreich
Boehlert	Conte	Espy
Boggs	Cooper	Evans
Bonior	Costello	Fascell
Borski	Coyne	Fazio
Bosco	Crockett	Feighan
Boucher	Darden	Fields

Fish
Flake
Flippo
Foglietta
Ford (MI)
Ford (TN)
Frank
Frost
Gallegly
Garcia
Gejdenson
Gephardt
Gilman
Gingrich
Glickman
Gonzalez
Gordon
Gradison
Grandy
Grant
Gray
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Harris
Hatcher
Hawkins
Hayes (IL)
Hayes (LA)
Hefner
Herger
Hertel
Hiler
Hoagland
Hochbrueckner
Horton
Houghton
Hoyer
Hubbard
Hughes
Hunter
Hutto
Ireland
Jenkins
Johnson (CT)
Johnson (SD)
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kaptur
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lancaster
Lantos
Laughlin
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lloyd
Long
Lowey (NY)
Luken, Thomas
Machtley
Manton
Markey
Martin (NY)
Matsui
Mavroules
Mazzoli
McCloskey
McCrery
McCurdy
McDermott
McEwen
McGrath
McHugh
McMillan (NC)
McMillen (MD)
McNulty
Mfume
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Moakley
Molinari
Mollohan
Montgomery
Moody
Moorhead
Morella
Morrison (CT)
Mrazek
Murphy
Murtha
Nagle
Natcher
Neal (MA)
Neal (NC)
Nelson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Oxley
Pallone
Panetta
Parker
Parris
Pashayan
Patterson
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Pickett
Pickle
Poshard
Price
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Rhodes
Richardson
Rinaldo
Robinson
Roe
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Saiki
Sangmeister
Sarpalius
Sawyer
Saxton
Schneider
Schroeder
Schumer
Sharp
Shaw
Sikorski
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Robert (OR)
Snowe
Solarz
Solomon
Spence
Spratt
Staggers
Stallings
Stangeland
Stark
Stenholm
Stokes
Studds
Swift
Synar
Tallon
Tanner
Tauzin
Thomas (GA)
Torres
Torricelli
Traficant
Traxler
Udall
Unsoeld
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Walgren
Walsh
Waxman
Weber
Weiss
Weldon
Wheat
Whittaker
Whitten
Wise
Wolf
Wolpe
Wright
Yates
Yatron
Young (AK)

NAYS—96

Armey
Ballenger
Barton
Bateman
Bilirakis
Broomfield
Brown (CO)
Bunning
Burton
Combest
Coughlin
Cox
Craig
Crane
Dannemeyer
DeWine
Dornan (CA)
Douglas
Duncan
Edwards (OK)
Fawell
Frenzel
Gallo
Gaydos
Gekas
Gillmor
Goodling
Goss
Hancock
Hansen
Hastert
Hefley
Henry
Hopkins
Hyde
Inhofe
Jacobs
James
Kasich
Kolbe
Kyl
Lagomarsino
Leach (IA)
Lewis (CA)
Lewis (FL)
Lightfoot
Lowery (CA)
Lukens, Donald
Madigan
Marlenee
Martin (IL)
Martinez
McCandless
McCollum
McDade
Meyers
Morrison (WA)
Myers
Nielson
Packard
Paxon
Petri
Porter
Ravenel
Ridge
Ritter
Roberts
Rogers
Rohrabacher
Schaefer
Schiff
Schuette
Schulze
Sensenbrenner
Shays
Shumway
Shuster
Slaughter (VA)
Smith (MS)
Smith (TX)
Smith (VT)
Smith, Denny (OR)
Smith, Robert (NH)
Stearns
Stump
Sundquist
Tauke
Thomas (CA)
Thomas (WY)
Upton
Vucanovich
Walker
Watkins
Wilson
Wylie
Young (FL)

NOT VOTING—23

Bliley
Buechner
Callahan
Coelho
Collins
Conyers
Courter
Dickinson
Dorgan (ND)
Florio
Gibbons
Holloway
Huckaby
Johnston
Livingston
Michel
Owens (NY)
Owens (UT)
Savage
Scheuer
Towns
Williams
Wyden

□ 1311

The Clerk announced the following pair:

On this vote:

Mrs. Collins for, with Mr. Buechner against.

Mr. DUNCAN changed his vote from "yea" to "nay."

Mr. TORRES changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Pursuant to House Resolution 165 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the Senate Joint resolution (S.J. Res. 113).

□ 1312

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate joint resolution (S.J. Res. 113) prohibiting the export of technology, defense articles, and defense services to codevelop or coproduce the FSX aircraft with Japan, with Mr. HUGHES in the chair.

The Clerk read the title of the Senate joint resolution.

The CHAIRMAN. Pursuant to the rule, the Senate joint resolution is considered as having been read the first time.

Under the rule, the gentleman from New York [Mr. SOLARZ] will be recognized for 1 hour, and the gentleman from Michigan [Mr. BROOMFIELD] will be recognized for 1 hour.

The Chair recognizes the gentleman from New York [Mr. SOLARZ].

□ 1310

Mr. SOLARZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, members of the committee, when this issue first came before us several weeks ago, the resolution of disapproval on the FSX sale, which was introduced in order to block this transaction from going forward, was referred to the Committee on Foreign Affairs. In order to faithfully and fully discharge our responsibilities to the House, we commenced a series of hearings on this issue designed to enable us to make a judgment about whether it was or was not in the best interests of the United States. We had four separate hearings at which the administration testified, at which witnesses from industry and labor testified, at which congressional opponents of the transaction testified, and at which witnesses from the private sector with valuable background in the area of trade and defense technology also testified.

In addition to that, the Committee on Foreign Affairs had three special briefings with witnesses from the General Accounting Office, with witnesses from the Central Intelligence Agency, and with witnesses from the major aerospace manufacturing companies in the country.

While the Committee on Foreign Affairs never voted on the FSX transaction itself, because the Senate had already voted to reject the resolution of disapproval, I think it is not unfair to say that many of us on the committee who went through this very careful and deliberate process came to the conclusion that the FSX arrangement with Japan, in point of fact, is very much in the commercial, political, and strategic interests of the country. From a commercial point of view, the FSX deal will generate 22,000 man-years of work here in the United States, and it will also generate approximately 2.5 billion dollars' worth of income which the Japanese will be paying us in exchange for the technology and production work which we will be doing. It is in the political interests of our country, because it will help to further cement our ties with a country which has emerged as one of our most valuable allies anywhere in the world, and it will strategically benefit the United States by enhancing Japan's capacity to fulfill its military responsibilities for the protection of our common interests in Asia by permitting them to replace their aging, but existing, aircraft with a new-generation aircraft designed to give them an up-to-date capacity to help keep the sea lanes open for up to 1,000 miles from the home islands.

In spite of all of these palpably persuasive arguments in favor of the FSX arrangement, however, many of our colleagues raised some very serious questions about the extent to which the FSX arrangement, inasmuch as it would obligate us to share some of our

aerospace technology with Japan, might potentially jeopardize the competitive posture and long-term viability of our own civilian aerospace industry.

I want to say at the very outset of this debate, as someone who believes that the FSX arrangement is in our interest, that if I believed for one moment that this deal would compromise the long-term economic competitiveness and viability of a major American export industry, I would be categorically against it, the political, commercial, and strategic advantages of the arrangement notwithstanding.

□ 1320

It was precisely because of these considerations which were very thoughtfully raised by the distinguished gentleman from California [Mr. LEVINE], the gentleman from Missouri [Mr. GEPHARDT], and by many other Members of the House that we undertook to delve deeply into this question of whether or not the FSX arrangement would compromise the economic viability of our own aerospace industry. On the basis of the testimony we received, I have to say that I came to the conclusion, as has the administration and many of our colleagues in the House, that it would not jeopardize the long-term competitiveness of our aerospace industry.

Whether or not the technology involved which we would be providing to Japan would compromise our competitive position involves judgment and some highly technical questions. It involves, for instance, matters relating to the commercial applicability of flight control source codes or fire control source codes or such matters as system integration. I dare say that with one or two possible exceptions that I doubt there is a single Member of the House who would know a flight control source code if they saw one or who is truly in a position to make a judgement about the advantages to Japan of what they would learn about systems integration from this FSX agreement.

Consequently, rather than simply relying on the testimony of the administration on this question, because it could quite obviously be discounted by those who oppose the FSX deal on the grounds that the adminisration had made a commitment to Japan and now it was too embarrassed to back out of it, we solicited the testimony of engineers and other technical specialists associated with the major domestic aerospace corporations in our country like Boeing and McDonnell Douglas, who would be the ones most seriously affected if the critics of this arrangement were right in suggesting that it would give Japan the opportunity to leapfrog the United States in terms of the export of wide-bodied civilian aircraft in the future. I have to report to my colleagues this afternoon that it was the unanimous judgment of the technical specialists at the civilian aerospace companies in our country that the FSX arrangement would in no way whatsoever potentially compromise or jeopardize the long-term competitive position of our own aerospace industry.

I have to believe that if Boeing and if McDonnell Douglas thought that this arrangement was going to give Japan the opportunity to take away the billions and billions of dollars of business they get each year from their preeminent position in the global aerospace industry, they would have opposed it. Some of our colleagues have suggested that privately they do have these concerns, but since, for example, Boeing has ongoing contracts with Japan, they deliberately pull their punches. Let me lay those concerns to rest.

During the course of our hearing we said point blank to the representatives of Boeing and McDonnell Douglas that although they were not under oath, it constituted a criminal violation of law to misrepresent the truth to a congressional committee, and we asked them whether they were giving us their honest, personal opinions. We asked them whether any of the higher-ups in their companies had instructed them to give testimony in favor of the agreement even though they were privately against it, and they assured us not only that they were speaking honestly, and that they were representing their own views, but that no one higher up in their companies had instructed them to give false or misleading testimony.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I am happy to yield to my friend, the gentleman from Indiana.

Mr. BURTON of Indiana. Mr. Speaker, I would ask the gentleman do they have any financial interest at all in this project?

Mr. SOLARZ. Neither Boeing nor McDonnell Douglas have any financial interest in the FSX arrangement whatsoever.

Mr. BURTON of Indiana. Short term or long term?

Mr. SOLARZ. In my judgment, they certainly do not have it short term, and they did not seem to believe they had it in the long term, either. So I think that we can rely on the objective judgment of these witnesses.

Furthermore, if we look at the specifics of the technology involved, the airframes associated with combat aircraft, which is what the FSX is supposed to be, is simply not applicable to the kind of technology needed to develop airframes for wide-bodied civilian aircraft, so we need not be concerned that the provision of airframe technology for a jet fighter is going to give Japan opportunities to become competitive with us in the manufacture of wide-bodied civilian aircraft.

Others raised questions about the source codes that we would be providing. To be sure, we are giving them parts of the F-16 fire control source code. But the purpose of a fire control source code is to coordinate the avionics of a jet aircraft engaged in combat with the actual utilization by that plane of the missiles and other munitions which they carry on board. So far as I know, an emerging terrorist threat notwithstanding, nobody is talking about putting missiles or munitions on the civilian aircraft of the future.

Then there was the whole question of systems integration and whether what the Japanese could obtain simply by going through the process of integrating the various components necessary to produce the combat aircraft would give them insights into how to better produce a civilian aircraft in the future. Here we were told by the spokesmen for Boeing, in a judgment that was confirmed by General Yates, who is the Assistant Secretary of the Air Force for Acquisitions, that if we look at this purely in terms of Japan's ability, not next year or the year after, but still in the 21st century to more effectively compete with the United States for the global share of the civilian aerospace market, that they would be in a better position if they developed the FSX on their own than if they did it in codevelopment and coproduction with us, because if they did it on their own, while it might take them longer, they would learn from their own mistakes and would be in a better position to apply that knowledge to the subsequent production of a civilian aircraft.

Some may say that what Japan has in mind here is not the construction of an FSX aircraft, but the development of a civilian aerospace industry. I agree. We can stipulate to that fact. No one denies it.

□ 1330

But if Japan is primarily interested in ultimately competing with the United States for a larger share of the global aerospace market, then why did Japan originally want to develop the FSX on its own? They did not come to us to ask us to codevelop it with them so they could get the benefit of our technology. No, they wanted to develop it on their own. It was only when we went to them and asked them to codevelop it with us that they ultimately agreed after a prolonged period of negotiation.

Some have said, including my very good friend from California, and others, that it would have been better if the Japanese had brought the F-16 off the shelf than to codevelop the

FSX with us. I think it would be fine if they had bought the F-16 off the shelf. They have, however, refrained from purchasing such aircraft off the shelf for a very long period of time. They wanted to develop their own aerospace industry.

I think it is important for the House to know that if they had purchased the F-16 off the shelf, it would not have generated more jobs or more money for the United States. The estimates are that it would have gotten us roughly the same number of jobs and the same amount of money that we are getting from the codevelopment of the FSX with Japan, as a consequence of which the argument that it would have been more helpful in terms of our balance-of-trade deficit with Japan if the Japanese had bought the F-16 off the shelf simply does not hold any water because in reality it would not have reduced the trade deficit by any more than codevelopment and coproduction.

Mr. Chairman, after the period of general debate ends, we will first be taking up the Solomon amendment which expresses the sense of the Congress that the President should reject the FSX deal.

Let me simply say that as much as I respect and admire my good friend from upstate New York, I think his amendment is conceptually flawed and legislatively ineffectual.

It is flawed because it is based on the assumption that the FSX is not in our interest, when for the reasons I have just given, I believe it is in our interest. It is legislatively ineffectual because it does no more than simply express the sense of the Congress.

The President has made it clear that he is going to move forward with this project regardless.

Mr. SOLOMON. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. My friend has made me an offer I cannot refuse.

Mr. Chairman, I yield to the gentleman.

Mr. SOLOMON. I thank the gentleman for yielding. He is always a gentleman.

The gentleman says it is an ineffectual, moot amendment. But you have to ask all of your colleagues: Why? Why is it ineffectual? Why is it moot? The reason is because the Committee on Foreign Affairs for whatever reason—and I do not blame the chairman of the committee—but I think there are other members of that committee on that side of the aisle who deliberately held up the resolution of disapproval so that this Congress would not have the opportunity to act on it.

So I think the gentleman agrees to that, and I would like the gentleman to respond to it.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. It is always an honor to yield to my distinguished chairman.

Mr. FASCELL. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from New York [Mr. SOLOMON], is absolutely in error. He can interpret the facts any way he wants and he has the right to do that, but I will tell the gentleman, as one gentleman to another, that the Committee on Foreign Affairs, which I have the honor to chair, did not hold up this resolution in order to defeat a vote.

Mr. SOLARZ. May I say I am pleased to hear the gentleman from New York acknowledge the ineffectuality of his amendment. We may have some residual disagreements over why the Foreign Affairs Committee did not report out an effectual version of his amendment, but I applaud his candor in acknowledging before the Congress and the country that his amendment has been rendered moot by other developments.

After we dispose of his amendment, which I hope we will, we will then come to the Bruce amendment which would, in effect, adopt the version of the legislation on this matter that was adopted by the Senate; I hope the House in its wisdom will reject the Bruce amendment as well because that amendment includes two provisions which I will go into at greater length when we debate that amendment that could have the effect of requiring a renegotiation of the FSX agreement which could lead to its unraveling.

I think that would be very unfortunate.

But the Members of the House should take comfort from the fact that the Committee on Foreign Affairs in perhaps its delayed and belated wisdom, but wisdom nevertheless, has reported out legislation which will be before the House if the Solomon and Bruce amemdments are defeated which would permit the FSX arrangement to go forward but which would build into the law some protections against the diversion of this technology to other countries or leakage of the technology into the civilian aerospace sector in Japan and which would also protect the prerogatives of the Congress in terms of our capacity in the future to prohibit the transfer of critical engine technologies or the retransfer by Japan of the FSX to a third country.

So at the end of a very long day I hope that we can end up in a position where we reject the Solomon amendment, reject the Bruce amendment, and then adopt the Committee on Foreign Affairs' work product. This resolution emerged from a very careful and deliberative process involving many of the members of our committee, is a very thoughtful piece of legislation, and will enable the FSX arrangement to go forward in a context where we can protect our legitimate long-term economic interests.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I would be happy to yield to the gentleman from Kentucky.

Mr. HOPKINS. I thank the gentleman for yielding.

Mr. Chairman, let me say that I certainly appreciate the knowledge of which the gentleman speaks. But insofar as the Solomon amendment being ineffectual, I happen to be of the view that this whole debate is ineffectual because the FSX is going to go through. So the whole day and the whole debate to that extent is ineffectual.

But as far as my colleague's amendment from New York being ineffectual, I would have to say that it is the only opportunity, in my opinion, that we will have to vote either for or against, straight up or down, for the FSX. I personally happen to be opposed to it.

The rest of it is just a mix of whether you are for it, or against it, or an angle one way or the other.

Mr. SOLARZ. I have to say to my very good friend that while it is true the FSX arrangement is going to go forward, I think it is not true to suggest that there is literally nothing we can do about the manner in which it does go forward.

For example, both the Bruce amendment and the bill reported out by the Committee on Foreign Affairs contain important provisions which would provide essential protections for the future.

For example, they provide that as we move to the memorandum of understanding on coproduction, the Secretary of Commerce should review the arrangement with a view toward determining whether it could jeopardize our future competitive position. If he concludes it might, he could make such recommendaitons for action as he determines appropriate to the President. The committee resolution and the Bruce amendment call upon the President to take those recommendations into account.

The committee resolution and the Bruce amendment also contain some very important sense-of-the-Congress provisions which call upon the President in negotiating a memorandum of understanding on coproduction to get at least 40 percent of the work share in the coproduction of the FSX for the United States. They further call on the GAO to do a study of design to let us know if there has been any leakage of the technology involved either within Japan or to foreign countries. And they also provide the Congress with the right to consider and, if necessary, to reject a future memorandum of understanding insofar as it

might include the transfer of critical engine technologies.

Finally, they also include provisions which give the right to the House to veto, in effect, a decision by the administration to permit Japan to transfer the FSX to other countries.

So I think these provisions may not be, from your point of view, as good as an out-and-out rejection, but I say to those who are concerned about the FSX that the legislation reported out by the Committee on Foreign Affairs is far better than nothing, whereas the Solomon amendment would knock out of the box, from a parliamentary perspective, what we have done in the Committee on Foreign Affairs. And at the end of the day, even if the Solomon amendment passed the whole House, you would end up not having cancelled the FSX but without some of these additional protections from the Committee on Foreign Affairs built into its proposal.

Mr. LEVINE of California. Mr. Chairman, would the gentleman yield?

Mr. SOLARZ. I yield to the gentleman from California.

Mr. LEVINE of California. I thank the gentleman for yielding.

Mr. Chairman, just on the point of effectiveness that the distinguished gentleman has been raising, as the original author of the resolution of disapproval, I must confess that I join with a number of people on both sides of the aisle in terms of the frustration that we share that we do not have the opportunity effectively to stop this transaction.

□ 1340

I regrettably share my friend from New York's analysis that legislatively the sense of the Congress amendments that the gentleman from New York is offering will not have any legislative force and effect. However, both the gentleman from New York Mr. SOLARZ's language and, frankly, even more significantly, the gentleman from Illinois' [Mr. BRUCE] language, because it is not conferenceable and will go directly to the White House, do have some significant impacts. For those people, who at a minimum, wish to hold both our Government's and the Japanese Government's feet to the fire, in the terms of the number of representations each side has made to ensure that these representations will be made. Particularly, passage of the Bruce amendment will be very helpful to accomplish that because it is nonconferenceable and goes straight to the White House. As the gentleman from New York so eloquently indicates, passage of either of these provisions does, in fact, have significant legislative ramifications that does not go nearly as far as we would have liked in terms of the fact they do not stop the sale but they do put some conditions on that are important and are significant.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I will yield to the gentleman, but I hope he can keep it brief.

Mr. HOPKINS. Mr. Chairman, I appreciate both of my colleagues in their points of view. The point I am trying to make is that the only time that I, as an individual Member of the House, will have to express my up or down vote as to how I feel about the FSX, has to do with the Solomon amendment. That is why I favor that amendment. That is why I say it is not ineffectual as far as the Bruce amendment is concerned. My problem with that, if I vote for it and it puts more restrictions on a deal that I am not sure about, then I am approving something that I am legitimately against. I have a real problem with the Bruce amendment.

Mr. SOLARZ. I respect the gentleman's right to come to a different conclusion, quite obviously, but may I suggest that if the Solomon amendment should be defeated, and if the Bruce amendment should be defeated, both of which I hope will be defeated, Members then vote for the bill on final passage because that will contain at least some protections in terms of the future that we otherwise would not have.

The CHAIRMAN. The gentleman from New York has consumed a total of 27 minutes.

Mr. BROOMFIELD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, for the past several months, we have had a lively debate over the proposal to codevelop a new jet fighter plane with Japan. I commend Chairman FASCELL and Congressmen SOLARZ and LEACH, the chairman and ranking Republican member of the Asia/Pacific Subcommittee, for seeing to it that this issue was thoroughly reviewed in committee.

The debate over the FSX is, in fact, part of a much larger discussion over national security. In the past, political and military considerations were paramount. However, the concept of security has been expanding to incorporate economics and trade. This new view recognizes the important role that a sound economy, a vibrant private sector, and a solid job picture plays in our country's well being.

The FSX agreement with Japan has gotten caught up in this expanding view of national security. Legitimate economic and trade questions about the FSX agreement were raised by the Department of Commerce and many of us in the Congress earlier this year.

Responding to these concerns, President Bush decided to delay approval of the FSX agreement, and sought additional clarifications from Japan. After negotiating several important improvements to the agreement, the administration notified the Congress on May 1 that it would proceed with codevelopment of the FSX.

The administration deserves high marks for its efforts to cooperate and consult with the Congress on the FSX proposal. The Arms Export Control Act requires only that Congress be informed about technology licensing agreements like that for the FSX.

However, realizing the level of congressional concern with the implications of this agreement, the administration decided to treat the FSX agreement as a notification under Sec. 36(c) of the Arms Export Control Act. This section provides for a 30-day review period which allows time for congressional consideration of a resolution of disapproval.

On May 16, the Senate defeated a resolution of disapproval by a vote of 52-47. Normally, the rejection of a disapproval resolution would foreclose further congressional consideration of an arms sales agreement.

Despite its rejection of the resolution of disapproval, the Senate went on to adopt a resolution of approval, which was proposed by Senator BYRD. In my view, this resolution—which is before this body as the Bruce amendment—is unnecessary and an undue infringement on the President's authority to conclude such agreements.

Later today Members will have an opportunity to vote on a resolution of disapproval. Voting for the Solomon amendment will allow members to register their opposition to the FSX deal in a nonbinding way.

I particularly welcome the opportunity that the Solomon amendment provides us because I myself have serious concerns about the FSX agreement. I believe that the Japanese should have bought F-16's off the shelf from the United States in the first place, instead of going down the far more costly road of developing the FSX. By buying the plane from the United States they could have had a state of the art jet fighter in their air self-defense force sooner and at less cost.

I am especially concerned about the benefits that the Japanese might get from our technology for their own aviation program. The Japanese record in semiconductors, HDTV, supercomputers, and other fields speaks for itself.

While I have concerns about the FSX agreement, I cannot support the Bruce amendment, which is identical to the Byrd amendment, and would impose certain conditions on the

agreement. Although it is a resolution of approval, it would nevertheless force the administration to renegotiate the agreement with the Japanese.

The Byrd resolution is a mischievous resolution. It contains elements that are simply unclear, such as on the applicability of provisions of the Arms Export Control Act. There are also provisions that are unduly restrictive, such as permanent prohibition on the transfer of certain engine technology.

The Solarz amendment, which adopts the text recommended by the Foreign Affairs Committee, represents a better approach. While the administration cannot support it, Congressman SOLARZ should be commended for his constructive effort to reach an accommodation.

Mr. Chairman, we have a complex task before us today. We must decide among several different approaches to the FSX agreement.

Many in this Chamber, I know, have mixed feelings about this deal with Japan and about the situation in which we find ourselves.

I urge you to support Congressman SOLOMON's amendment if you wish to register opposition to the FSX agreement. And I urge my colleagues to oppose the Bruce amendment as an unjust, unwarranted resolution.

Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa [Mr. LEACH].

Mr. LEACH of Iowa. Mr. Chairman, I thank the gentleman for yielding.

By way of general background, I would argue that the best thing the Government of the United States can do is implement the FSX agreement in a thorough and consistent manner worthy of a credible ally and trading partner. This perspective implies it is unworthy of this body to play legislative games, even though we, as a country, may have wished for a slightly better deal.

□1350

The catch-22 of any post-hoc congressional approach to this agreement is that if it is substantive, it jeopardizes our national security. On the other hand, if it is innocuous, as the Solarz approach largely is, it is gratuitous. Should we pass a gratuitous bill, it would go to conference and presumably be combined with the more sweeping Senate measure. In that event, the United States will receive a double-whammy: A bill that both jeopardizes our national security and is also somewhat gratuitous. It would be far better to follow the lead of the President and stop short of the constitutional unseemliness which is this body's too frequent wont.

I would stress the fact that the gratuitousness of congressional action stretches in two directions. One is to the Japanese, who are our allies and who, after all, are going to buy 2.5 billion dollars' worth of American goods and services under this particular agreement. The FSX deal creates 22,000 man-years of American jobs, which will be lost if Congress subverts this deal, and many thousands more as a consequence of a lost follow-on relationship.

As a member of the committee of jurisdiction who sat through hours of hearings from both the private and public sectors, I would note that while there are some who argued that we could have gotten a better deal, there were none who suggested that if we turn this deal down, Japan will do anything except proceed pellmell with a greater resource commitment to its own indigenous aircraft industry with ties to our airframe and engine competition in Western Europe.

In addition, it should be noted that all the approaches under consideration today represent a gratuitous slap at the President of the United States, for any congressional action on the FSX at this point in time is in effect a rather tart vote of no confidence in the negotiations undertaken and procedures implemented by this particular administration and, for that matter, this particular Secretary of State, Secretary of Commerce, and National Security Adviser.

For that reason, while I prefer the Solarz language to the two other alternatives offered today, I believe no approach is better than any approach, given the fact that the Senate on May 16 defeated the resolution of disapproval of the agreement pursuant to section 36(c) of the Arms Export Control Act.

If we think it through very seriously, what we have, after the defeat of the straight resolution of disapproval in the other body, is Congress playing the role of the poor loser. Having lost on the up-or-down vote on May 16, the other body attempted to amend a negotiation in a way that has the consequence of intruding in a rather unseemly way into the negotiating process, which in our system of government is largely a presidential prerogative.

Likewise, the approaches under consideration today leave the American people in the awkward position of being poor winners, for in the biggest picture it is the American people who are getting a substantial sale. It is the American people who are going to be tied to future sales of aerospace technology to Japan. It is the American people who are being defended from the prospect of the Japanese making industrial alliances with Western Europe. It is the American people who under this agreement will be protected from the Japanese developing an aircraft industry solely on their own, which I am convinced and most of the witnesses before our committee are convinced would frankly be far more jeopardizing of our own long-term commercial interests than anything contemplated by the Bush administration's approach. And finally, it is the American people who will benefit in a security sense from Japan dedicating at our request greater resources to our common defense.

In sum, it would appear that the ironic consequence of Japan-bashing in this body today is in effect America-bashing. This agreement, after all, is nothing that the Japanese wanted. There is nothing that the Japanese wanted less to have pressed upon them, and this agreement, after all, is precisely what the Europeans want subverted. So it would be my hope that first we prefer the Solarz version of Senate Joint Resolution 113 to that of the Bruce, Byrd, or Solomon approaches, and then that we turn down the entire resolution when, if, and as amended.

Mr. SOLARZ. Mr. Chairman, I yield 3 minutes to my very good friend and erstwhile supporter, the gentleman from California [Mr. BOSCO].

Mr. BOSCO. Mr. Chairman, I rise in support of Senate Joint Resolution 113, approving the FSX Fighter Agreement with Japan. I would like to commend the gentleman from New York, Mr. SOLARZ, for his diligent efforts in drafting a bill which is acceptable to both supporters and opponents of the agreement.

Much confusion persists as to what technology will be sold to the Japanese under the FSX agreement that they don't already have or can't get elsewhere. With some 30 countries, including Japan, now producing fighter aircraft, it is clear that the Japanese could not only build the equivalent of an advanced F-16 on their own, but also in partnership with any number of other countries including Sweden, Great Britain, France, West Germany, Belgium, Israel, Norway, and South Africa. Technology is not only a commodity readily available for sale in the world, but it is a commodity that depreciates in value over time.

Mr. Chairman, at this point I insert in the RECORD a list of countries that produce all of the technology that comprises the F-16 so that Members can see, point for point, on each type of technology where the Japanese can get that technology if they do not buy it from the United States. That information is as follows:

According to our defense department, under the FS-X co-development agreement, the US will transfer basic F-16 design data to Japan. We view this 1970's technology as non-sensitive and believe that other foreign fighter design companies such as Dassault (France), British Aerospace, or Messerschmitt-Blohm-Bulow (W. Germany) could provide substitute design data for one of their aircraft of roughly the same sophistication upon which the Japanese could baseline their FS-X. There are a number of

technologies, however, that we are not transferring to Japan, but will restrict to the sale of end items only. These items will be manufactured by US Companies, with no transfer of sensitive manufacturing technologies. These same technologies are possessed by other Western companies, generally European, who could also be sources should the US not participate in the FS-X. Below is a list of some of these technologies and alternate sources.

1. Digital Flight Control Softwater (Retained for US development); Sweden (Saab).
2. Carbon/Carbon Technology (brake linings) (sale only); U.K. (British Petro), France (SEP), W. Germany (Hoerscht, BSAF).
3. Engine (sale only during FSD); Great Britain (Rolls Royce), France (SNECMA).
4. Systems Integration: Israel (IAI); W. Germany (Messerschmitt-Blohm-Bulow); France (Dassault); Great Britain (British Aerospace); Sweden (Saab).
5. Heat exchanger bonding techniques (used in Environmental Control Systems) (end items only); Belgium (Saboa); The Netherlands (Fokker); W. Germany (BSAF); France (SNECMA).
6. Ejection Seats (sale only); Geat Britain (Martin Baker).
7. Corrosion Resisting Steel Coating, (Battery box, fasteners) (sale only): Israel (Carmal Forge); United Kingdom, W. Germany.
8. Coatings on Air Bearings. (Used in Environmental Control System) (sale only): Norway (Kongsberg Vappenfabrikk); S. Africa (Technofab).

Mr. Chairman, we should remember that the idea of joint development of the fighter support experimental [FSX] aircraft came from the United States, not Japan. In fact, the need for this advanced fighter emanates from agreements reached with the United States that require Japan to take on a vastly greater defense role, including defense of its own territory, the seas and skies around its territory, and the Northwest Pacific sea lanes to a distance of 1,000 miles from Japan. To meet these responsibilities, Japan is deploying 200 United States-designed F-15 fighters and 100 United States-designed F-4 fighters around Japan's islands and in the late 1990's will deploy an additional 100 FSX's.

Keep in mind, the FSX is experimental, it doesn't exist today. When finished it should be an improvement on the F-16 that will benefit both the United States and Japanese militaries. The cost of this advanced technology will be about $1.2 billion, all of which will be borne by Japanese, not American, taxpayers. Over a third of this money will be spent in the United States.

All new technology developed by the Japanese in the FSX project will be available free to the United States if it emanates from F-16 design or for purchase if it is of solely Japanese origin.

We have in the past coproduced both civilian and military aircraft with the Japanese, including the F-4, F-16, and the 767. This will be the first time we codevelop a military aircraft. The difference in terms of technology transfer can be compared with helping a youngster with math homework. If you just give him or her the answers to a problem you have provided something of value—the answers—but you have not provided the all-important element, the how do you do it—how did you get to that answer. In the past, we have provided the answers to the Japanese, but the "how did you do it" remained a secret. Under the FSX agreement, our scientists, engineers, and technicians will sit down with their Japanese counterparts and exchange this all-important element. This is the most extraordinary aspect of the technology transfer that will take place—not the answers, but how each side gets to the answers.

The benefits should work both ways. The basic design and performance data of the F-16 will be transferred, although not in its entirety, as will sanitized F-16 fire control computer software source codes, engine performance data, and general manufacturing and production data similar to that which has already been given to other countries that coproduce the F-16 with the United States.

In exchange, we hope to get a technique which will allow one-step melding of upper and lower wing surfaces, without rivets, that could reduce F-16 manufacturing costs by 50 percent. We will also receive Japanese radar technology and potential "Stealth" capabilities.

Mr. Chairman, the United States and Japan now control about 30 percent of the world's wealth and over 40 percent of the trade. We share an important partnership, economically and militarily. Rather than view the FSX agreement as some kind of threat, we should view it as an opportunity. The transfer of aging technology that is rapidly losing its value anyway and which is basically available elsewhere for the sake of state-of-the-art technology, all of which will be used for national defense goals, is of enormous value to our country as welll as to Japan. I support the FSX agreement along with the strengthening provisions crafted by Mr. SOLARZ and I hope we can now proceed to develop this important project.

Mr. LEACH of Iowa. Mr. Chairman, I yield 9 minutes to the gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I asked my colleague, the gentleman from New York [Mr. SOLARZ], does Boeing and McDonnell Douglas have a vested interest in this deal, because they testified in favor of it before the committee? They may not have openly a vested interest from a financial standpoint in the deal, but if they oppose it openly, do we nor think it might hurt them with the Department of Defense? It just might. They do a lot of business over there, and DOD is very much in favor of this, as is the administration. So I think they do have a vested interest.

It was brought up that there will be 22,000 man-years of work brought to the United States if this deal goes through. Those arguments were made a long time ago when we started talking about VCR technology and television technology. In the short run, we probably did get some jobs. I used to work at RCA when I was going to college in Indianapolis. The RCA plant there is no longer owned by the United States; it is owned by foreign interests.

Japan is the major provider of television sets and VCR's. They took that technology, they ran with it, and now they control it. So anyone who thinks that these 22,000 man-years of work is going to be to our benefit long term is, I think, sadly mistaken. They are going to take this technology. They are going to grab a major part of the aerospace industry, and it is going to come back to haunt us as far as our economy is concerned and as far as American jobs are concerned.

The gentleman from New York [Mr. SOLARZ] said that he would vote against this if he were convinced it was going to hurt the American economy. I suggest to the gentleman from New York that he look at history, because if he looks at history, he is going to see that many of the technological advancements we have made and have given to the Japanese and other foreign entities have come back to haunt us and have hurt our economy.

The F-16 fighter plane, if they bought it off the shelf, would cost them $20 million to $21 million per plane, and that would help our trade deficit.

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Mr. Chairman, we have a $55 billion trade deficit with Japan this year, and we are going to give them additional technology that is going to give them an advantage in another area, and so the trade deficit, long term in my view, will be even greater, in favor of the Japanese. There is a national security risk, both economically and militarily, if this deal goes through.

Mr. Chairman, the arguments have been made that Japan could do this without us. I submit to my colleagues that, if Japan could do it without us, they would do it without us. They are good businessmen, and if they could do it better with Germany or Great Britain, they would do it with Germany or Great Britain. The reason they want to do the FSX deal with the United States of America is because they want the F-16 technology. That is what they want, and we are going to give it to them, and it is a big mistake

in my view that is going to come back and haunt us.

Mr. Chairman, the gentleman from Iowa [Mr. LEACH] said that our stopping this is not worthy of an ally or a good trading partner. Now let us just take a look. Our Trade Representative just recently said, and let me get my information here. Our Trade Representative just came back and brought us information that tells us that they are violating agreements that they have made with us. That they are stopping or hampering the sale of our products to them.

The United States Trade Representative just came out with a report that said Japan has targeted the aerospace industry development. The Japanese Government plans to make aircraft production one of Japan's major industries within the next 20 years. The FSX deal provides $7 billion worth of United States research and technology to Japan. In other words, we are giving them the rope with which to hang ourselves.

The United States Trade Representative Carla Hills has just cited Japan for massive unfair trading practices under the super 301 determinations, and yet the gentleman from Iowa [Mr. LEACH] says that they are a worthy trading partner. If they are a worthy partner, why were they cited for these violations?

The gentleman from Iowa [Mr. LEACH] said the American people will benefit. Well, I have already covered that. I do not think they will benefit. I think, once this technology is given to the Japanese, they will not just be a major player in the aerospace industry. They will take a large share of the aerospace industry like they did with the auto industry, the video cassette recorder industry, the television industry and almost every industry in which they have been involved.

Mr. Chairman, with the help of unfair trade practices Japan has already taken advantage of us to the disadvantage of our economy in general and to our auto and semiconductor industries in particular. They do all they can to restrict our agricultural imports.

My colleagues, talk to farmers in this country. The Japanese are restricting agricultural imports into their country right now.

Mr. LEACH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BURTON of Indiana. I yield to the gentleman from Iowa.

Mr. LEACH of Iowa. Mr. Chairman, the last plane the Japanese built was the F-1 with the French. Would the gentleman from Indiana rather have the French in partnership with the Japanese or United States industry in partnership with the Japanese?

Mr. BURTON of Indiana. Mr. Chairman, if the Japanese thought that they could get the technology we have in the F-16 from the French, they would do it with the French or the West Germans. The technology they desire comes from the F-16, and that is why they are doing the deal with us.

Mr. LEACH of Iowa. Mr. Chairman, does the gentleman from Indiana [Mr. BURTON] realize that it was the United States of America that pressed this deal upon them, that the Japanese were very reluctant to come forth, and that they preferred not to come to us at all?

Mr. BURTON of Indiana. Mr. Chairman, I take that statement with a grain of salt, a big grain of salt.

Mr. Chairman, I think the Japanese wanted the F-16 technology, and that is why they did the deal. If they had wanted to do it on their own, they would have.

Mr. LEACH of Iowa. Mr. Chairman, I appreciate the perspective of the gentleman from Indiana [Mr. BURTON].

Mr. RITTER. Mr. Chairman, will the gentleman yield?

Mr. BURTON of Indiana. I yield to the gentleman from Pennsylvania.

Mr. RITTER. Mr. Chairman, I just want to follow up on this.

Let us say they did want the F-16 technology, but what was available was French technology, or British, or German, or the European consortium of aerospace companies. What then would the gentleman from Indiana [Mr. BURTON] say if the Japanese went with that consortium, and ended up developing its first aircraft? One which may not have been as good as the FSX, but which gave them 100 percent, not 60 percent, but 100 percent of the developmental capability, 100 percent of the production capability, in a sense giving, perhaps, their second, third, fourth aircraft that springboard to global competitive dominance?

Mr. Chairman, what is the thought of the gentleman from Indiana [Mr. BURTON] there?

Mr. BURTON of Indiana. Mr. Chairman, that is the end result anyway. I think the Japanese are committed to the aerospace industry, and they are going to get into it.

However, with the technology that we are going to give them, the F-16 or the FSX deal, they are going to be able to move much more rapidly, 5 years or 10 years ahead of schedule according to people with whom I have talked, and therein lies the problem.

Mr. Chairman, they are going to be in the aerospace industry anyhow.

Mr. Chairman, have we bought any U.S.-made TV's, or cameras, or VCR's lately? Think about that.

Japan has long sought to dominate the United States aerospace industry which is the largest in the non-Communist world. Japan should buy these planes off the shelf. We have a yearly trade deficit with Japan of out $55 billion. The United States Trade Representative, as I said, Carla Hills, has just cited Japan for massive unfair trading practices under the super 301 determination. The United States, Uncle Sugar, Uncle Sam, has spent hundreds of billions of dollars defending Japan over the last 40 years. Japan needs a plane today that can help defend itself against the ever-increasing Soviet presence in the Pacific. That is why they should buy the F-16. The United States has the finest plane of its kind in the world, the F-16, ready today to sell to Japan.

What does our great friend and ally say? "Forget it. We would rather take 10 years, spend three times as much money, grab your technology and build it ourselves. Oh, and by the way you can codevelop it with us, and we'll give you 40 percent of the deal."

Mr. Chairman, can we trust Japan with our technologies?

Now listen to this. The prime contractor of the FSX deal, Mitsubishi heavy industries, has been accused of aiding Libya in its production of poison gas. There is strong evidence toward that end. Our old friend, Toshiba Electric, has admitted to supplying electrical equipment to the chemical weapons plant in Libya. My colleagues might remember it was Toshiba Machines that was found guilty of supplying the Soviets with crucial submarine technology which the U.S. Navy predicts will cost the U.S. taxpayer over $30 billion to counter because we cannot track those submarines any longer. The FSX deal places no restrictions on any subsidiaries of Toshiba to be a subcontractor in the deal.

Mr. Chairman, this is a bad deal for America, and we should do everything we can to stop it.

Mr. SOLARZ. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Chairman, I thank the gentleman from New York [Mr. SOLARZ] for yielding this time to me.

Mr. Chairman, I have the privilege of representing Wichita, KS, where nearly 50 percent of all the aircraft flying over the free world today were made. The 40,000 people directly employed by aviation industry in my district and the tens of thousands of others in supporting businesses have strong reason to be concerned about the fire sale of American aviation technology to the Japanese that will result from the FSX program.

Japanese manufacturers strongly compete with our own companies in the U.S. market for aircraft parts. So what is it that the Japanese will gain from the FSX venture? What is it that the Japanese need most to advance from spare parts to aircraft sales? Japanese businesses need to acquire the

knowledge of systems designs and integration that it took United States manufacturers decades and many millions of dollars to develop. And they will have the very best teachers.

Top United States aviation experts at General Dynamics will work together with Japanese scientists to design and build a modified version of our own F-16 fighter plane. That is why the Japanese are willing to spend $48 million for an FSX instead of buying ready-made F-16's for $20 million—28 million additional dollars per airplane is a small price to pay for an education in aviation systems design and integration that will enable the Japanese to develop a multibillion dollar commercial aircraft industry.

By all accounts the Japanese have targeted the commercial aircraft industry for development. According to the United States Trade Representative, "The Japanese government plans to make aircraft production one of Japan's major industries in 20 years." And when the Japanese target a business for development, they do it right. The Japanese plan their economy, they shield developing industries from domestic competition while infusing them with government money for research and development. Then the Japanese unleash their businesses as powers on world markets sacrificing short-term profits for long-term market share.

In fact, the Bush administration has singled out such Japanese trading practices as unfair. The administration has charged Japan with bid-rigging, market allocations, group boycotts and structurally impeding trade in their country. I am confused, then, about why we are providing Japanese manufacturers with the means to compete with United States aircraft manufactuers when we have recognized that they compete unfairly.

The commercial aircraft industry is one of the few remaining American manufacturing businesses that runs a trade surplus. U.S. aircrat exports exceeded imports by nearly $17 billion last year. Losing our strong standing in the aviation market will affect not only the good people of Kansas, California, and Washington State, but also other American industries like electronics, computers, metallurgy, and composite materials.

I appreciate the President's efforts to safeguard critical technologies like coordinated flight control systems and jet engine expertise. But it would be difficult at best to safeguard an intangible product like systems integration know-how. The sale of this technology represents an enormous threat to our domestic aviation industry, that outweights any concern. It is for that reason that I rise today in staunch opposition to the plan for Japanese-American codevelopment of the FSX fighter plane. It is for that reason that I support the Solomon-Bruce amendment to this bill.

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Mr. LEACH of Iowa. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. Mr. Chairman, I thank the gentleman for yielding the time so that I can get back up to the Rules Committee.

I want to call the attention of members to something. As of right now, right this minute, Japan has not entered into any coproduction phase in this whole agreement. Nothing. That means no American jobs. Now, just listen to this.

In 1981, Japan committed itself to protecting the sealanes for up to 1,000 miles beyond its own shore. This commitment has been reaffirmed by every prime minister since then.

At the same time, 1981, Japan led us to believe that they intended to purchase AWACS surveillance aircraft and KC-135 tanker aircraft as part of this defense commitment. Such a purchase, in the numbers of aircraft that would be appropriate, would be worth about 8 billion dollars.

As is so often the case with Japan, however, all we have heard is big talk with no action. We were given to believe that the AWACS and KC-135 purchases would be made before the end of the decade. It now appears that if Japan ever follows through on this at all, it will not come until their next defense plan—which will run through the end of 1995. And when deliveries could be taken is anybody's guess.

So what we are looking at is a situation in which Japan will not be following through on its commitments to patrol the sealanes, in the manner in which they led us to believe until the late-1990's at the earliest.

In the meantime, they are insisting on building their own fighter, even though F-16's would be available at one-third the cost and in half the time. That doesn't sound to me like Japan is serious about their defense commitments.

Mr. Chairman, the key question is this: What is Japan's primary interest? Living up to defense commitments or pursuing commercial advantage? I would suggest that the answer is obvious.

And that is why I am offering my amendment today. Mr. Chairman, I bring this amendment before the House today to give Members the opportunity to put their position on this FSX agreement on the record. Unfortunately, the resolutions passed by the Senate and by the House Foreign Affairs Committee do not give Members a chance to say "yes or no," "up or down" on this whole agreement. As a matter of fact, I believe the debate over shares of production, technology retransfer, and so on, although important, has obscured the really crucial issue that underlies this whole debate, namely, how Japan and the United States, as allies, will work together to meet the serious military challenge that both face in the Pacific theatre today.

The challenge I am speaking of is the increasingly active Soviet military presence all around the Pacific Basin. From Vietnam, where MIG-23 fighters now fly out of Cam Ranh Bay, through the Sea of Japan, where Soviet fighters and reconnaissance aircraft fly from nearby Soviet bases, to the Bering Straits off the Alaskan coastline, where cruise-missile-armed "Bear" bombers now constantly test American continental air defenses, the potential threat has grown considerably. The number of Soviet military aircraft now intercepted by United States forces flying near or towards the Alaskan coast is about three times as great as the number intercepted in 1980. The Soviet fleet in the Pacific now deploys 2 aircraft carriers, 84 principal surface combat ships, 121 other surface combat ships, 120 submarines, and 560 naval aircraft.

The challenge is there, and American continental and forward-deployed forces are meeting it. But, frankly, we could use some help, and that's where we find ourselves talking about this FSX proposal.

The Government of Japan is fully aware of this shared challenge and it has agreed to help its ally, the United States, to meet it. To its credit, Japan took upon itself increased responsibility to protect all air and sea lane approaches up to 1,000 miles from its coasts, and it has expanded its naval forces to meet this obligation. The manner in which Japan then chose to acquire a fighter aircraft capable of reliably providing air support out to this 1,000-mile radius, however, has led us to the questions we are dealing with today.

The Japanese defense force started off well with the choice of an excellent American plane, the F-16, to build on in meeting this mission requirement. Since it first came off the production line 11 years ago, while in the service of some of our allies abroad, the F-16 has shot down over 50 Soviet-built planes without a single loss. The F-16, manufactured by general dynamics, has also been produced in no less than 20 different versions to meet the varying needs of countries around the world. We can assume that another version could be built to meet Japan's particular needs for greater aircraft range, longer aircraft wings, and so on. In fact, General Dynamics offered to sell Japan 130 F-16's for about $3 billion, and I am certain that General Dynamics would have agreed to coproduce these planes with Japan.

The benefit for the alliance would have been clear—130 new aircraft available in the near term to help defend the Pacific. But it is right here that Japan put its own economic and technological interests ahead of its responsibility to the alliance. Instead of focusing on production of a new version of the F-16 in a reasonable time at a reasonable cost, Japan focused instead on its desire to learn how to build its own F-16—the FSX—from the ground up, taking twice as long and costing over twice as much.

Frankly, this does not serve the allied effort well. At a time when American defenses are being cut back under the 1990 deficit reduction agreement, the Government of Japan seems prepared to allow an estimated, additional $3-4 billion in its defense budget to be siphoned off into the FSX project and to let its allies wait while it takes the time to learn the technological and production processes involved in building a modern aircraft.

Japan has in the past purchased American F-4's and F-15's under licensing agreements with their American manufacturers. Americans now must ask why Japan in this case has sought to use American technology to teach itself to create the FSX when the needs of the alliance in the Pacific are so clear.

I do not think there has yet been an answer to this question. That's why I am offering this amendment today. It is a sense of the Congress resolution that the FSX development agreement should not have been approved. It is not a disapproval of the idea that Japan should deploy more fighter aircraft to help meet the Soviet air and naval challenge in the Pacific. It is a disapproval of the idea that Japan should use this need as cover to deploy its industry into the business of building aircraft using American technology.

In closing, let me say that the questions of technology control and work shares allocated under the FSX agreement are indeed important, as I stated at the outset. The Government of Japan must know that our concerns over the transfer of vital technology to the Soviet Union in the Toshiba case and over reports of Japanese business involvement in the construction of Col. Qadhafi's chemical weapons plant in Libya are serious. The Government of Japan should also acknowledge our understandable questions as to why it does not wish to directly buy advanced American fighter aircraft—the best in the world—at a time when its trade surplus with our Nation is so great.

Mr. Chairman, I recommend this amendment to my colleagues. I believe it will allow the Members of this House to go on record against a fighter aircraft agreement that does not meet the immediate and pressing need for a fully adequate defense of the Pacific. It will also allow those members to let the Government of Japan know that they are not convinced that it yet has sought to understand American concerns on the issues of technology control and our mutual trade relations.

For all these reasons, Mr. Chairman, I invite my colleagues to join me in voicing our disapproval of the FSX development agreement.

Mr. SOLARZ. Mr. Chairman, I yield 2½ minutes to my very good friend, the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Chairman, I thank the gentleman for yielding me this time. The chairman is my good friend. Unfortunately, I do not agree with him totally on this issue, but we certainly have wonderful agreements on others.

Mr. Chairman, I would like to express my opposition to the FSX codevelopment agreement and explain to the House why. I will later insert my 18-page statement in the RECORD in view of the time.

Mr. Chairman, I chair a committee called the Economic Stabilization Committee. It has jurisdiction over something called the Defense Production Act. That act simply states whether or not we have the industrial base in a time of national emergency to have the industrial base for our own national security. The answer in part is "no."

One of the reasons we do not, in my judgment, and we had 2 days of hearings on this particular issue, is that we have some very interesting loopholes that I think really have to be looked at very carefully. Administration after administration has the availability of signing these memorandums of understanding with very little oversight. They are classified. They cannot be released to the general public and we get them very belatedly, and then we have to take a look at them.

I think in this case, with all due respect to the current administration who inherited the Reagan policy on this particular issue, that based on our hearings the executive agency, such as the Department of Commerce to safeguard the defense industrial base, was not consulted properly. I feel that they violated the law by not consulting the appropriate agencies.

So I want to underline three fundamental concerns that this has.

The established procedures for protecting the U.S. defense industrial base were not followed in arriving at this FSX agreement, that the defense industrial base of the country will suffer as a result, that congressional review of these multiyear negotiations has been narrowly limited both in time and ability.

What we are doing in fact is giving $8½ billion worth of technology wholesale to Japan, which has a trade surplus. We have an enormous deficit and our national security is going to be jeopardized to boot.

FSX CODEVELOPMENT AGREEMENT COULD SERIOUSLY DAMAGE NATIONAL SECURITY OF THE UNITED STATES

Mr. Chairman, on May 1, the President formally submitted to Congress the documents on the FSX fighter agreement with Japan, consisting of a government-to-government memorandum of understanding [MOU] and an industry-to-industry licensing and technical assistance agreement [LTAA].

Under section 36 of the Arms Export Control Act (22 U.S.C. 2776) Congress has the power to halt the implementation of these agreements by enacting a resolution of disapproval within 30 days, and sustaining such a resolution by a two-thirds vote in the event of a veto.

Disapproval now appears unlikely because on May 16 the Senate narrowly approved these agreements. The Senate also passed Senate Joint Resolution 113 further restricting technology transfers to third countries under the agreements and requiring the General Accounting Office to monitor such transfers annually.

However, because there will be House votes on the Senate resolution and perhaps modifications to the resolution, I would like to express my opposition to the FSX codevelopment agreement and explain to the House my reasons for believing they can inflict serious damage on the defense industrial base and civilian aircraft industry of the country, as well as the United States balance of payments and American competitiveness in world markets.

SUBCOMMITTEE HEARINGS

In an effort to assess the impact of the agreement on the U.S. defense industrial base, the Subcommittee on Economic Stabilization, which I chair, conducted 2 days of public hearings on April 18 and May 5, receiving testimony from a spectrum of highly qualified witnesses.

We found that although the agreements were negotiated by the executive branch over several years, the Departments of Defense and State did not coordinate with or solicit the views of the Commerce Department or other policymaking agencies, as they are required by law to do as to the U.S. industrial base—statement of Frank Conahan, Assistant Comptroller General, before the House Armed Services Committee, May 16, 1989, page 4.

This was a highly significant omission. It contravened the explicit direction of last year's National Defense Authorization Act for Fiscal Year 1989 (Public Law 100-456, approved September 29, 1988), that any such proposed MOU "consider the effect on the defense industrial base of the United States, and regularly solicit and consider * * * recommendations of the Secretary of Commerce in this regard" (10 U.S.C. 2504). The lack of coordination was also contrary to the recommendation of the General Accounting Office in 1982 that views of departments other than Defense and State be formally considered "before transferring advanced U.S. technology with wide commercial application" * * * "U.S. Military Coproduction Programs Assist Japan in

Developing Its Civil Aircraft Industry," (General Accounting Office, March 18, 1982).

This experience suggests that relying on executive agencies such as the Department of Commerce to safeguard the defense industrial base in MOU negotiations does not work very well.

When other executive branch agencies finally did gain access to the FSX agreement, important changes were made, for example, to raise the share of production work going to American companies to "approximately 40 percent" (clarifications of April 28, 1989).

I cite this testimony to underline my three fundamental concerns:

That established procedures for protecting the U.S. defense industrial base were not followed in arriving at the FSX agreements;

That the defense industrial base of the country will suffer as a result; and

That congressional review of these multiyear negotiations have been narrowly limited, both in time and in ability to study the texts of the basic documents.

Neither of the two agreements has yet been presented to my subcommittee, even though we have direct Defense Production Act responsibility over these matters and even though administration witnesses appeared at our hearings.

SUBSTANCE OF THE AGREEMENTS

The Japanese wish to replace their F-1 fighter with a longer range, more sophisticated aircraft for sea-lane surveillance and antiship combat. Japan's preference is not to buy off-the-shelf aircraft, including the U.S. F-16C, which is a multimission day and night supersonic aircraft and the best state-of-the-art fighter in the world. Instead, the FSX agreements contemplate a lengthly codevelopment program to provide six prototypes—four for flight testing and two for ground testing—of a larger, 1,000-mile range, upgraded version of the F-16.

This would be followed by a long-term coproduction agreement to produce 130 of the FSX for delivery, beginning in 1997. A separate MOU would be negotiated to cover production arrangements, expected to begin about 1993-94.

As an ally, Japan is entitled to its preferences about where the new plane should be developed and produced. But, our country should be equally entitled to its preferences, and there are alternatives to the FSX agreements that are more advantageous to the United States.

ALTERNATIVES ARE MORE ATTRACTIVE

The cost of the FSX is estimated by the General Accounting Office at about $6.5 billion—more than $50 million per plane including $9 million per plane in development costs). This is nearly twice the cost of purchasing upgraded versions of the single-engine F-16C, at about $218 million per plane, and even in excess of the present cost of the twin engine F-15, at about $40 million, which is currently being produced in Japan under a coproduction agreement with McDonnell Douglas.

It is clear that both U.S. manufactured F-16 upgrades and F-15's could be brought into service without the 8-year delay envisioned by the FSX agreements.

A leading newspaper reported that the purchase option "was never seriously pursued by American negotiators," ("Japan Deal Questioned by GAO," New York Times, May 3, 1989, page D1.) To me this is extremely important. The purchase option should not only have been raised, but pressed hard.

So, if cost and readiness are not motives for the agreements, why is Japan interested?

To place this matter in perspective, Japan's economy is more than half the size of the United States economy, but its defense budget is only one-tenth the size of the United States defense budget—about $30 billion vs. $300 billion. Given this disproportion, why couldn't Japan share a little more of the mutual defense burden by paying for 130 F-16's that have been further upgraded, according to Japanese performance specifications, for the maritime environment by General Dynamics Corp.?

UNIQUENESS OF THE CO-DEVELOPMENT AGREEMENT

Our country has more than 100 coproduction agreements for military aircraft, components, and parts with many allied countries, and such agreements have been instrumental in reviving Japan's aircraft industry since World War II. However, the FSX agreements are different. They are codevelopment * * * agreements, and they represent a significant departure * * * from the past * * * differing in the types and levels of technology transferred. Traditionally, coproduction programs involve the transfer of production know-how, and manufacturing and managerial skills. On the other hand, development programs involve transfers of design and development data, skills and knowledge. (Testimony of GAO, May 16, 1989, loc. cit., page 2.)

Ten countries have negotiated coproduction agreements with the United States on the F-16. ("FSX Technology: Its Relative Utility to the U.S. and Japanese Aerospace Industries," Congressional Research Service, April 12, 1989, page 4.)

The United States has had coproduction agreements with Japan on the F-4 and F-15 fighters and the P-2 and P-3 long-range patrol planes. The F-15 arrangement involves training Japanese technicians in the United States and stationing about 40 United States advisers in the Japanese factories, to provide daily advice and know-how on aircraft production (GAO testimony, loc. cit., page 3). The FSX codevelopment agreement would provide such intensive United States assistance from the design stage, through development, testing, production, and systems integration.

In 1975, a blue ribbon panel of the defense science board surveyed U.S. exports in four fields: solid state devices, instrumentation, aircraft jet engines and airframes. The group's February 1976 report was "unanimous in emphasizing that control of design and manufacturing technology is absolutely vital to the maintenance of U.S. technological superiority." ("Technology Transfer: Is the U.S. Giving Away the Farm?" Government Executive magazine, July, 1977, page 25.) The heart of the matter, the report said, is: "Technology is the detail of how to do things." This critical, detailed know-how for high performance aircraft is what we would be transferring to Japan under the FSX agreements.

One analysis has pointed out that the critical factor the Japanese aircraft industry has been lacking is integration. Thus, "if the FSX can be made to fly, the Japanese will take a quantum leap forward in * * * aircraft manufacturing" (special report, "The FSX Deal," Democratic Study Group, May 10, 1989.)

JAPAN'S INTEREST IN THE COMMERCIAL AVIATION MARKET

Witnesses before the Subcommittee on Economic Stabilization pointed out that Japan has publicly targeted the commercial aircraft market for future development (Office of the United States Trade Representative, "1989 Trade Estimate Report on Foreign Trade Barriers," pages 110-111). Japan has a plan, set forth in Japan's "Industrial Structure: A Long Range Vision" (Ministry of International Trade and Industry, June, 1975) and "Vision of International Trade and Industry for the 1980s" (MITI, see also "Japan's Aircraft Industry," United States-Japan Trade Council, January 11, 1980).

The Japanese have recognized the relationship between military and civilian aircraft, in the following terms:

> Although cost and performance requirements for commercial and military aircraft are different, development and production techniques are closely related. Therefore, research and development of commercial and military aircraft should be carried out in tandem. ("Second Interim Report on Japan's Aircraft Industry Policy," Aircraft and Ordnance Division, MITI, September 28, 1980).

A report by the United States National Academy of Engineering envisions that through 1995-2000, the main competition from the Japanese aviation industry will be in aircraft parts and components. ("The Competitive Status of the U.S. Civil Aviation Manufacturing Industry," National Academy Press, Washington, 1985.) It appears that the avionics, flight control, and radar subsystems of the FSX have potential for, in the words of GAO, "wide commercial application" as components of future commercial aircraft. (Congressional Research Service, April 12, 1989, loc. cit., pages 9-11.)

The FSX project thus fits perfectly into Japan's long-term strategy.

Has Japan been making progress in implementing this strategy? Let's look at the record: In the 1970's, Japan's exports of aircraft components and parts reached only about $25 million. In 1980, the figure grew to $53 million, and then tripled to $156 million in 1987. Japanese industry participated in the development and production of the Boeing 767, further expanding its aircraft production capacity and skilled labor base. One front-line United States consulting firm recently predicted extremely rapid growth for the Japanese aerospace industry, projecting a sales increase from $7 billion in 1988 to $29 billion by the year 2000 ("Japan's Emerging Aerospace Industry: Implications for the Global Market," Booz-Allen & Hamilton, Inc., 1988).

In sum, the United States Trade Representative concluded that: "The Japanese Government plans to make aircraft production one of Japan's major industries within 20 years * * * (and) if Japan's target goal is met, future lost sales to United States industry would be sig-

nificant." (Cited in remarks on the Senate floor by Senator ALAN DIXON, CONGRESSIONAL RECORD, May 16, 1989, page S5308).

U.S. COMMERCIAL AEROSPACE INTERESTS

Should the United States be providing key technology to launch the Japanese aerospace industry into the role of a prime competitor?

Recent history is instructive on this point. One of our subcommittee's witnesses, William Holayter, the legislative director of the International Assocation of Machinists and Aerospace Workers, pointed out that in the early 1970's, the Nixon administration approved the sale of the Thor-Delta launch rocket to Japan, on condition that none of the technology be used to launch satellites from third countries. (Statement, April 18, 1989, page 3.)

Japan's first rockets, the N-1 and N-2, had almost no Japanese technology, but now the successors, the H-1 and H-2 scheduled to fly in 1992 are claimed to have 100 percent Japanese technology and therefore to be free of commercial restrictions. One Japanese scientist predicts the heavier H-2 rocket will be able to capture 10 percent of the commercial satellite launching business as soon as it is operational ("The FSX Deal," loc. cit., page 20). So much for restrictions on the transfer of technology to third countries.

As the General Accounting Office put it: (If) it is appropriate for Japan to consider their economic interests when addressing defense issues, it is just as appropriate for the United States to do the same." (GAO testimony of May 16, 1989, page 5).

The U.S. aerospace industry is the last remaining American manufacturing sector to run a trade surplus. Last year, U.S. aerospace exports exceeded imports by $17 billion worldwide. In contrast, in the automobile industry, imports from Japan exceeded exports to that country by almost $30 billion. In the telecommunications equipment industry, imports from Japan exceeded exports by about $15 billion. (Source: U.S. Department of Commerce; "The FSX Deal," loc. cit., page 16.)

There are 1.3 million workers in the U.S. aerospace industry, with average wages of $13 an hour—$27,000 per year.

Additionally, our aerospace industry is an extremely important consumer of other U.S. high technology products such as electronics, computers, metal products, and composites.

To the extent aircraft production migrates offshore, the vital labor, management, research, suppliers, and support skills also move offshore, and would be lost to this country for defense mobilization and balance of payments purposes.

The General Accounting Office review of the FSX agreements "concluded that, as with the 1982 coproduction agreements on the F-15, that the Departments of Defense and State had too narrow a perspective to adequately address the economic, industrial, trade and labor interests" of this country. (Testimony, May 16, 1989, loc. cit., page 5.) Although this is polite language, I regard the implications for the domestic aircraft industry as devastating.

Are we really anxious to help potential competitors take over world, and possibly domestic, aircraft markets, displace U.S. products, and weaken the U.S. industrial and mobilization bases? I am certainly not interested in doing that.

IMPACT ON THE DEFENSE MOBILIZATION BASE

Recent testimony before the Subcommittee on Economic Stabilization indicates that the U.S. defense industrial base has been shrinking dramatically in the 1980's. On the basis of a year-long study of this matter, the Center for Strategic and International Studies [CSIS] concluded that from a base of 118,000 firms providing goods and services to the Defense Department in 1982, the number of Defense contractors had shrunk to less than 40,000 in 1987 ("Deterrence in Decay: The Future of the U.S. Defense Industrial Base," 1989, referred to in testimony of Dr. James Blackwell, May 10, 1989, page 3).

This decline was all the more remarkable since the defense budget during that period experienced a record growth of 51.6 percent from $180.7 billion in 1982 to $274 billion in 1987 (Economic Indicators, March 1989, page 33).

In capital spending, which is a key to future technology and productivity, the defense industries have suffered a reduction in capital spending relative to the value of goods shipped, from 3.9 percent in 1980 to 3.6 percent in 1985. This was contrary to gains for the U.S. manufacturing base as a whole during that period (CSIS testimony, page 6.)

Another aspect of the study was import penetration. CSIS found that in the defense sectors, import penetration jumped from 8.3 percent in 1980 to 12.3 percent in 1987 overall, with a rate for components and subassemblies approaching 20 percent, (Testimony, p. 5.)

In short, this country has a major problem with the erosion of its defense industrial base, and the FSX agreements could substantially accelerate this process by moving military-civilian research, development, production of aircraft and spare parts to another continent.

AGGRAVATION OF THE TRADE DEFICIT

The FSX agreements demonstrate that neither the Bush administration nor the Japanese take seriously the dangers raised by the enormous United States trade deficit with Japan and the rest of the world.

In the past 5 years, for example, the United States merchandise trade deficit with Japan has totaled $262.2 billion, as follows:

UNITED STATES-JAPAN TRADE RELATIONSHIP (1984-88)

[In billions of dollars]

	Merchandise trade	Current account
1988	-55.7	-53.2
1987	-60.3	-58.5
1986	-58.8	-56.3
1985	-50.2	-45.3
1984	-37.1	-37.7
Total	-262.2	-251.0

The U.S. balance—if it can be called that—of payments for the past 5 years worldwide was in deficit by a startling total of $650 billion, as shown by the following table:

U.S. TRADE RELATIONSHIP WORLDWIDE (1984-88)

[In billions of dollars]

	Merchandise trade	Current account
1988	-138.4	-135.332
1987	-170.3	-153.964
1986	-155.1	-138.828
1985	-133.6	-115.103
1984	-122.4	-107.077
Total	-719.8	-650.304

Source: Congressional Research Service.

Thus, for the past 5 years, the United States deficit with Japan was about 36½ to 38½ percent of America's overall international deficit problem.

At this rate, the Republican administrations of the 1980's will add about $1 trillion to U.S. overseas debt, and for every such dollar, there is a corresponding dollar of foreign investment in American real estate, factories, businesses or securities. Some have called this process "The Selling of America."

If either the United States or Japan were concerned with these trends, there would be a good case for Japan purchasing United States fighter aircraft, the world's best. The F-15 and F-16 are available now, rather than in 1997, and the F-16 could certainly be further upgraded by the United States aircraft industry to fulfill additional Japanese requirements. If necessary, the new plane could be manufactured under a coproduction agreement with Japanese industry, as has become almost standard practice with Japan and other allied nations.

The FSX agreement promises a short-term trade gain of about $2.5 billion. The alternative of selling an upgraded U.S. F-16, plus spare parts and modifications, could provide a gain of up to $12 billion over this period. Therefore, the proposed FSX agreements would aggravate the U.S. balance-of-payments problems severely in the medium term and, potentially, far more severely in the long run. I see every reason to try to avoid undermining the Nation's international financial situation even further.

ARE THERE BENEFITS TO THE UNITED STATES FROM THE FSX AGREEMENTS?

According to the testimony, General Dynamics Corp. would receive approximately 40 percent of the FSX development revenues, and also 40 percent of the production revenues that are to be provided by Japan, assuming a production agreement is implemented in the future.

As noted, that might amount to about $2.5 billion, and that is a handsome sum of money for one company.

This leaves open the question of spare parts and maintenance, which could amount to two or three times the amount of the original agreement. (See Senate floor debate on FSX, CONGRESSIONAL RECORD, May 16, 1989, p. S5309.) It also leaves open the question of participation by U.S. subcontractors. There are already complaints by qualified U.S.-based suppliers of composite materials that they may be excluded from the bidding process. ("U.S. Companies Attack Japan Move on Fighter," New York Times, May 10, 1989, p. D-6.)

There are also technology benefits claimed for the agreement, in the composites and phased-array radar areas, and as a precedent in cooperative exchange of development technology with Japan. However, the General Accounting Office, in its usual thorough manner, concludes that U.S. military requirements for the technology concerned appear to be "modest." (Testimony, p. 8.) And that there have been "limited returns from Japan" in military technology areas. (Testimony, p. 6.)

GAO noted that phased-array radar technology has been known to several U.S. companies for 10 years. Also, at least five U.S. companies have developed "superior" composite aircraft parts over the years. Experts regard the co-curing technique envisioned for the entire FSX wing construction, which has not been flight-tested, to be "high risk" at this time. (Testimony of May 16, 1989, p. 7.)

I am convinced that this is an instance where the modest public and private benefits claimed for the FSX are overwhelmed by damage to our Nation, one of its key commercial and military industrial components, as well as our overall international financial health.

WHAT DIFFERENCE SHOULD BE ACCORDED TO THE AGREEMENT?

As to international agreements, I am sure that many Members of Congress have a natural wish to uphold the President in the constitutional exercise of the foreign affairs function.

However, executive agreements do not rise to the level of treaties. Most importantly, there are good agreements and there are bad agreements.

The Lend-Lease Agreement in 1940 was a good agreement. The agreement concluded by the Nixon administration to permit the Russians to construct the United States Embassy in Moscow was a bad agreement. The building was honeycombed with electronic surveillance devices—including a microphone in the Great Seal of the United States in the Ambassador's office. That building eventually had to be torn down.

The 1970's agreement on the Delta rocket may turn out to have been a bad agreement.

The agreement by AT&T to sell the Japanese the technical rights to the transistor for $25,000, according to author Marvin Cetron, was, arguably, a bad agreement in terms of overall United States national interests. Because that technology transfer was wholly in the private sector, Congress couldn't do much about it.

But, Congress has the power to do something about the FSX agreements. Congress has a responsibility to carefully and objectively review the agreements, in light of the requirements of our defense industrial base, and interests of our commercial aircraft and related industries, as well as the U.S. balance of payments. We owe that to the executive branch and to the Nation. I continue to hope that such a review would lead to a disapproval of these particular agreements.

Mr. LEACH of Iowa. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Texas [Mr. FIELDS].

Mr. FIELDS. Mr. Chairman, while there has been considerable debate about the serious threat this technology transfer poses to our domestic aerospace industry, I intend to discuss another troubling aspect of our relationship with Japan.

It had been my hope that the Rules Committee would allow an amendment stipulating that as a further condition of this sale the Japanese would stop importing elephant ivory.

Unfortunately, there will be no such opportunity. Nevertheless, I will spend a few moments talking about the plight of the African elephant and the leading role the Japanese play in its destruction.

Mr. Chairman, in 1979, the total elephant population in Africa was about 1.3 million animals. Two years ago, nearly 700,000 elephants roamed the plains and forests of Africa. Today, fewer than 400,000 African elephants are alive. And with the population decreasing by nearly 10 percent a year, there is little time left to save this species.

Japan is the world's largest consumer of ivory, importing more raw tusks and worked ivory than any other country. Between raw and worked ivory imports, Japan consumes about 75 percent of all ivory available in any given year.

Since 1980, the annual volume of the world ivory, of which more than 90 percent is poached, has been about 800 tons. To meet this demand, more than 70,000 elephants must die each year.

The Japanese are, therefore, directly responsible for the deaths of more than 53,000 elephants each and every year. And unless this blatant destruction stops, and soon, the elephant will cease to exist as a viable species within the next 5 to 10 years.

Mr. Chairman, according to Mr. Tom Milliken, the director of TRAFFIC Japan, a well-known international organization which monitors wildlife trade, Japan conducts the world's largest illegal trade in animals and plants whose import and export is supposedly regulated by the Convention on International Trade in Endangered Species [CITES].

The Japanese will do anything to secure what they need and that includes whale meat, Alaskan salmon, or elephant ivory.

At the same time, Japan has more reservations to CITES Appendix I listed species, which prohibits the commercial sale of a wildlife product, than any of the other 95 parties to that Convention.

Mr. Chairman, the Japanese and its ivory trade merchants make millions of dollars each year by knowingly carving poached ivory.

These traders provide the market and the financial incentives for poachers who indiscriminately slaughter African elephants regardless of their age, sex, or size. They are the driving force behind this destruction and they provide the capital that pays for the landrovers and AK-47's, which have become the weapon of choice, for those who are decimating this vital species.

Mr. Chairman, the Japanese are wiping out the African elephant and, in so doing, are stealing an irreplaceable part of the heritage of the African continent.

The survival of the African elephant is as important to that continent as the bald eagle is to the United States.

Without elephants, many African nations will lose millions of dollars from tourists, sportsmen, and conservationists who come to see the elephant in its natural habitat.

Mr. Chairman, the Japanese have within their power the ability to stop this annihilation by curbing their insatiable appetite for elephant ivory. Instead of killing 53,000 elephants a year, the Japanese could help save them.

I hope that within the near future, Japan will join with the growing chorus of nations who are urging that the African elephant be placed on the CITES Appendix I list and that they will do so without seeking an exemption or reservation, or do what we have done as a country, and that is to stop the import of elephant ivory.

In the interim, I hope the Japanese Government will, as a sign of good faith, unilaterally declare that no elephant ivory will be imported from any country that does not have a native population of elephants. In this way, CITES can more easily ensure that this ivory was legally obtained.

Mr. Chairman, it is time for the Japanese to stop being the world's worst environmental outlaw. By helping to save, rather than destroy, our largest and most loved land mammal, the African elephant, the Japanese can take a major step toward improving their image.

While this is not my only concern about this arrangement, it is one the Japanese have the power to quickly and dramatically improve. The world is now waiting for their response. Will they decide to be the nation that destroys the elephant or works to save the elephant? The choice is theirs. Since extinction is a one-way process, I sincerely hope that the Japanese make the right decision.

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. FIELDS. I am glad to yield to the gentleman from California.

Mr. HUNTER. Mr. Chairman, I thank the gentleman for yielding to me. I was very impressed with his statement concerning this valuable endangered species, the elephant, and the nation of Japan and their relationship.

I think we need to be interested in another endangered species, and that is the human species; particularly with regard to what I consider to be conclusive evidence that the major recipient

of the FSX deal, Mitsubishi, has been involved in giving Mr. Qadhafi of Libya a capability to deliver poison gas to his adversaries, which includes the United States.

I find that Japan's role, or the role of some of the corporate members of Japan in that particular technology transfer to be reprehensible and to have abused their status as a major partner in this community of democracies.

Mr. Chairman, I thank the gentleman and I agree with his statement.

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Mr. SOLARZ. Mr. Chairman, I yield 1½ minutes to the gentleman from Alabama [Mr. ERDREICH].

Mr. ERDREICH. Mr. Chairman, the United States is not playing smart with the proposed joint United States-Japan production of the FSX fighter aircraft. An Alabama resident, June M. Collier of National Industries, Inc., in Montgomery, summed up the future we face by citing a past error the United States made in trading with Japan. I would like to read from an article she wrote that was recently published in the Birmingham News:

Americans first heard of Mitsubishi when that company took recycled scrap metal from the United States and made it into airplanes. Those airplanes were called Zeroes and we first saw them in the skies over Pearl Harbor.

Now Mitsubishi proposes to build another airplane, called the FSX, and—again—it plans to do so with American help.

Handing over our technology to Japan is wrong and makes no sense to America's economic interest. Japan wants a new fighter plane, and we offered to sell them our F-16, but they rejected that. They wanted to build it themselves, and what's more, they wanted access to our technology to build a better fighter plane.

Mr. Chairman, I propose that we tread carefully in helping Japan "build a better mousetrap," lest we be the mouse caught in the trap.

This proposed fighter aircraft agreement between the administration and the Japanese Government raises broader concerns of our economic survival in an increasingly competitive world. It allows vital United States technologies to be freely transferred to Japanese firms, greatly helping their aircraft industry to compete against American businesses. If this is the best deal the Pentagon can obtain, then I would rather have no deal.

Japan can meet its immediate defense needs by purchasing our F-16's or other top-of-the-line United States planes, and at the same time, strengthen our bilateral relationship by reducing the $55 billion trade deficit that exists between our two countries. Those huge trade deficits take jobs from Alabama and America, and we should be pursuing agreements to reduce those deficits.

It is past time to get smart and tough in international trade. Ms. Collier put it well:

It's bad enough when we lose fair and square. It's worse when we lose because of unequal and subsidized competition. But it's a hundred times worse when we give the game away. That's what the FSX deal will mean.

Mr. Chairman, we will have become our own worse enemy if this deal goes through. We must stand up for America's economic self-interest and reject this FSX agreement.

This Alabamian hit the nail on the head when stating her concerns about the proposed FSX deal, and I would like to place in the RECORD her entire article, included in the Thursday, June 1, 1989 edition of the Birmingham News:

FSX DEAL OK FOR JAPAN, NOT UNITED STATES

(By June M. Collier)

Americans first heard of Mitsubishi when that company took recycled scrap metal from the U.S. and made it into airplanes. Those airplanes were called Zeroes and we first saw them in the skies over Pearl Harbor.

Now Mitsubishi proposes to build another airplane, called the FSX, and—again—it plans to do so with American help. The FSX is an advanced version of our own F-16 Fighting Falcon. And to understand the word "advanced" you have to understand what the F-16 can already do.

UNSURPASSED IN AIR-TO-AIR COMBAT

The Falcon is now the most maneuverable jet fighter in the world. Adaptable to a variety of battlefield roles, it is unsurpassed in air-to-air and air-to-ground combat. It was designed to be retrofitted with new technology as that technology becomes available.

For example, F-16's are now being equipped with newly-developed infrared mapping and tracking devices to enhance the plane's all-weather, day-or-night capability. Its performance and fighting ability are matched only by our own F-15 Eagle jets.

In short, the F-16 is a front-line U.S. weapon system. But it's about to become No. 2.

The Japanese want a new fighter for what they call their "self-defense forces."

The U.S. offered to sell them the F-16, but they wanted something better.

We offered to build one better (anything to make Japan happy, so they won't foreclose on the mortgages), but they insisted on building it themselves, and they insisted on access to our technology to do it.

The current proposal is for Mitsubishi and General Dynamics to jointly develop the fighter with Japan owning 60 percent of the project.

The bottom line of that proposal is that Japan will end up with virtually all of our most advanced military technology, despite assurances from General Dynamics, and American aerospace workers will be out of a job.

And, don't think that our loss will be just in terms of military superiority.

The technology that we'll be surrendering is just as applicable to civilian and commercial aviation as it is to military aviation.

Despite approval of a version of the agreement in the U.S. Senate, the FSX proposal is starting to draw congressional fire.

Many senators, including Alabama's Richard Shelby, are beginning to ask the basic question, "What's in it for us?" The answer is, "nothing."

Even Commerce Secretary Robert Mosbacher said that the FSX deal would give the Japanese "a major step up in a short term in total aviation capability, commercial or anthing else."

Nevertheless, the administration is pushing for the deal.

To view the FSX giveaway in perspective, we must look at the whole U.S.-Japan trade picture. Over the past 20 years, we have conceded one industry after another to the Japanese.

We didn't worry when they flooded our market with cheap toys and paper hats back in the '50s. We didn't worry too much when the first Toyotas and Datsuns hit the roads in the '60s.

By the time the Sonys and the Panasonics displaced our American-made radios and TVs, we started to realize that something was happening.

The fact is that our leaders and economists have been telling us all along that we can always give up the high-labor, low-technology industries to Japan.

That will free us to pursue high-tech industries—like computers and aviation.

WORSE WHEN WE GIVE GAME AWAY

Well, we've lost computers. We have no semiconductor industry left. It's owned by Japan and West Germany. The lap-top computer industry now belongs to NEC (Nippon Electric Corp.) and Toshiba, and the newest microchips are made by Hitachi.

Face it; we're running out of things to be best at.

It's bad enough when we lose fair and square. It's worse when we lose because of unequal and subsidized competition.

But it's a hundred times worse when we give the game away. That's what the FSX deal will mean.

Mr. LEACH of Iowa. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Pennsylvania [Mr. RITTER].

Mr. RITTER. Mr. Chairman, I believe that the Bush administration deserves the sow's-ear-to-silk-purse award for really bettering this FSX deal. In the final analysis, the deal looks good.

We all know that the Japanese defense agency would have liked to have gone it alone building a wholly Japanese fighter aircraft; so would Mitsubishi and lots of other Japanese industries. They have the cash, lots of it. Our European allies are working on their own indigenous fighters.

Perhaps we should have started with the idea of reducing the $55 billion trade deficit, and should have made it the center of our negotiating position. But the amount of the deal, codevelopment and coproduction, and the amount of off-the-shelf purchases is essentially the same in dollar terms.

Big powers, and Japan is one, will not purchase foreign off-the-shelf aircraft in spite of what the Members on this floor say. Our European allies do not. Japan has not bought a fighter aircraft off the shelf for 15 years, and it has a far greater capability than

most of those 30 nations out there who also produce jet aircraft to go it alone.

Are not these amendments to disapprove the agreement loaded down with extensive and unreasonable conditions, something other than the deal itself, something to register frustration like we heard on the African elephant, or the protest against Japan? Are they not really protests against things like the Japanese closing some markets like the semiconductor market or protests of Toshiba's sale of machine tools to the Soviets, or protests against Mitsubishi, or, and I say this carefully, alleged involvement in the Libyan chemical-weapons bomb-production plant? We know of some other Japanese companies that were involved for sure. Sure, they are, and I am personally sympathetic with some of the frustrations Members feel.

Sometimes we are more than a little frustrated by what seems the callous disregard for global peace and freedom and security on the part of the Japanese, but to deny or hinder this agreement to protest these other transgressions is really the classic example of cutting off your nose to spite your face.

Why? It is because we stand to gain from this agreement. If we substituted the name of Japan in this agreement with any other country, we would walk away thinking the FSX deal was a good one. That is the truth. Let us recognize it. In fact, some of our allies have said the same thing openly.

Mr. Chairman, we stand to gain in technology. Yes, the Japanese have a lot to offer in the electronics area of technology and in the cocured construction of these wings. They have already started to do that.

Those who downplay the ability of the Japanese in these fields just do not comprehend the tremendous manufacturing and processing prowess the Japanese have been building up in the last 20 years. Those who doubt the Japanese abilities in materials and electronics do not know Japan. They do not know the achievements of Japan and the ability, if the agreement is right, to get back some of these achievements from ceramics, VCR's, compact disks, computers, and now HDTV.

There is nothing magical about building a fighter plane. Japan has shown it can build lots of things, some of which are more sophisticated than a fighter plane.

Let us talk about one last factor, perhaps the overriding one: A month ago my colleagues would have poohpoohed this as a reason for supporting the FSX deal, but that is our peace and security in the Far East. After all, China was hospitable, democracy was blooming in Beijing, peace was breaking out all over. But now with turmoil in China, with tanks and armies on the march and thousands of innocent victims shot down in Tiananmen Square, the ball game has changed.

Do we doubt that it is crystal-clear that the U.S.-Japan alliance is still the linchpin of East Asian security? The two greatest industrial democracies in the world have shown the world the way to prosperity, stability, freedom, and peace in the region. If we fumble this agreement when we should be showing solidarity, it would be self-destructive and counter to any rational considerations of our best interests.

Mr. LEACH of Iowa. Mr. Chairman, I yield 4 minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Chairman, I rise today in opposition to the decision to proceed with the transfer of United States technology to Japan for the construction of the FSX jet fighter. I deplore the Senate's concurrence in the sanctioning of the memorandum of understanding even with the restrictions incorporated by the Byrd amendment.

My analysis of this effort is that the U.S. Government has entered this agreement on the proverbial "wing and a prayer," and I urge the House to reject this agreement.

Mr. Chairman, I do not believe we can justify such a wholesale transfer of tangible U.S. aerospace technology such as jet engines, airframe technology, or systems integration techniques for the promise that the United States will get approximately 40 percent of the development work and hopefully the production work. There is also some real question as to the potential for any technology flowback to the United States.

Make no mistake about this, the Japanese are interested in building more than just a jet fighter. They want to build an aerospace industry.

The approval of the proposed licensing agreement, in my view, will have serious long-term implications not only for the safety and confidentiality of our high-technology weapons systems but also for the future of this Nation's aerospace industry and industrial base. I believe the end result of this proposal will be a Japanese commercial and defense aircraft industry which will compete directly against our own firms for international aircraft business which will threaten the very future of our key aerospace industry.

I have heard the administration's assurances that the technology involved here is not easily transferable to the commercial aircraft business. However, I do not believe for one moment that the Japanese will not pursue this direction applying everything we are willing to give them.

If it is a matter of national pride for the Japanese to build its own military jet rather than to procure aircraft from the United States, how proud could the Japanese nation as a whole be when their first domestically produced commercial jet rolls off the assembly line.

In reviewing this matter, I am not confident that the technology sharing provisions of the proposed agreement will be of benefit to the United States. Rather, I am quite concerned that the actual long-term impact will be of little value to the United States and maximum value to the Japanese. While some would make the argument that technology flowback would benefit the United States, historically this has not been the case. In fact, Secretary Cheney testified before the Foreign Affairs Committee that "technology flow has been primarily in one direction: to Japan."

The Secretary also told the committee that the United States did not enter into this agreement for the purpose of seeking technology from Japan. Yet, some have made the technology flowback potential a central point of the deal.

From my general knowledge of this field, I simply cannot satisfy myself that the potential technology flowback can be achieved on a very meaningful level. In fact, the two areas which are most cited for potential flowback, cocured wing assembly and radar development and integration, are, as Secretary Cheney stated, in existence in some form in this country already. Even the GAO has found that certain U.S. aircraft companies, like Hughes and Texas Instruments, are familiar with technologies involving phased-arrayed radar. In fact, this type of advanced technology is already being developed for the Air Force's advanced technology fighter [ATF].

In addition, companies like Lockheed, Northrop, and McDonnell Douglas have been working on composites for wing assembly for years and those technologies are available for the ATF, the Stealth fighter, and the B-2 bomber.

With this in mind, I can only conclude that the most promising aspect of this agreement may be in the technology production applications the Japanese may develop. If this turns out to be the case, then we would have succeeded in putting Japanese industries into direct competition with our own companies who have developed their own technology base and are improving upon it.

Another concern I have with this MOU is the inability of our representatives to state with any certainty the amount of development and production work which would accrue to American businesses. Everything I have heard points to an approximate target of 40 percent of both the development and production work. But nothing was guaranteed or even made more certain. These MOU's are not

contracts nor are they binding. They are subject to ongoing negotiation and can be changed at the urging of one of the parties involved.

This is why we must have the Bruce/Byrd amendment which would express the position of the Congress that future negotiations over the memorandum of understanding covering the production phase guarantee 40 percent of the work for U.S. firms who wish to participate.

What bothers me in all this is that the production figures are always caveated with the remark that the amount of production work for the United States would eventually depend on what the aircraft looks like and whether or not U.S. companies care to involve themselves in that production. I, for one, find it hard to believe that many U.S. companies would incur the expense of retooling some of their assembly lines just to build, for instance, 130 tail sections. Under this scenario, it is conceivable that aside from the U.S. engine manufacturer no production work could accrue to U.S. firms.

The Byrd amendment adopted in the Senate and the Bruce amendment which will be considered later, address this issue by stating that we believe the production MOU require that 40 percent of the production be guaranteed to U.S. firms. However, if we do not have this provision written into the law yet, we may not benefit at all from this agreement.

Finally, the current $55 billion trade deficit between Japan and the United States argues for a different approach. If the Japanese self-defense force needs to upgrade its jet fighter inventory, I see no reason why they should not be encouraged again to purchase additional F-15 or F-16 aircraft from the United States. These aircraft are the best in the world and I have not been convinced that Japanese defense requirements for the 1990's will have changed so dramatically that the F-15, F-16, or even the F-18 would not fit the requirement.

Further, I am not convinced that the threat of a European option is really viable for several reasons. First, existing European aircraft and technology is not as advanced as our own. The Japanese know this. The Europeans know this because many of our NATO nations have procured the F-16 and F-18. If the F-15, F-16, or F-18 are not satisfactory to Japanese defense requirements, then I do not believe any European aircraft can meet the requirements of the Japanese defense force.

For the Japanese to enter into a codevelopment/coproduction agreement with the Europeans would mean establishing an entirely new components production base. It would negate current interoperability with United States equipment, and it would require a parallel and expensive maintenance train which should prove much too costly for the Japanese.

If the Congress rejected this aircraft agreement, I believe the Japanese, in reassessing their needs, would agree to buy United States aircraft. If they decided to spend the millions more to build their own aircraft, so be it. They build their own ships and other equipment. Other nations build their own military weapons. It's costly, and it may not be the best, but they have that option. We need not offer them anything than our own aircraft.

Mr. Chairman, I commend President Bush for recognizing the concerns expressed by individuals within his administration and for convening the interagency working group to review this proposed technology transfer. Including the Commerce Department and the Office of the Special Trade Representative was a marked improvement over the original process. Despite this improved oversight, I do not believe the urgency of this deal nor the concerns for the long-term implications of the technology transfer have been adequately justified.

I believe the House should reject the proposed FSX plan.

□ 1430

Mr. SOLARZ. Mr. Chairman, I yield 5½ long minutes to the very distinguished gentleman from Connecticut [Mr. GEJDENSON], a fellow member of the Committee on Foreign Affairs.

[Mr. GEJDENSON addressed the Committee. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. LEACH of Iowa. Mr. Chairman, I yield 3½ minutes to the distinguished gentleman from Rhode Island [Mr. MACHTLEY].

Mr. MACHTLEY. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, today we consider legislation to codevelop the FSX fighter with Japan. This $6 billion deal has sparked a lot of controversy. I believe that the mistakes that were made in the discussions and the agreements were made at the very beginning, and it has unleashed a host of concerns which reflect important economic as well as national security considerations.

About 2 weeks ago the United States Trade Representative placed Japan on a special watch list of countries denying intellectual property rights and market access to United States firms depending upon such protection. It seems ironic that we are now seriously debating sharing some of our most serious technology with the same Japan we have placed on a list of nations exhibiting unfair trading practices, especially when the criticisms against Japan involve the same arena that we would be expanding with the FSX transfer, and that is the American invention.

I think it is time we think about the risks to the American competitiveness worldwide. What is this technology that we threaten to give to Japan? It is not just an engine, it is not just a wing, it is not just a segment of the airplane, it is the technology of integrating a system, to take the parts and make a complete aircraft. Our country has the ability to do that cheaper and faster than any country in the world. Right now we are the world leaders in systems and in design integration technology. That is our bailiwick. That is what we in this country can do best, and that is what we are going to give to the Japanese, the ability to integrate systems to produce their own fighter plane.

The Japanese want to coproduce this FSX plane with the United States because we are the best at this integration. They want to coproduce this plane with us because it is good for them. That does not mean that it is axiomatically bad for us, but in the long run I believe it is.

□ 1440

Let me present this argument. In order to meet its immediate defense needs, Japan needs to replace their 80 outdated F-1 fighters. This could be accomplished easily at half the $6 billion price by buying off-the-shelf jets. Consider this: Forty-four percent of last year's trade deficit of almost $120 billion is attributed to Japan. In light of the over $50 billion Japanese trade surplus, the Japanese at the very beginning could have made a good-faith effort to reduce the trade deficit by outright purchase of our own F-16.

Now this is coupled with the demand that we continue to support them in the defense of their sealanes. The potential for our future competition is clear in my mind. Not only in the defense area but in the U.S. commercial area of aerospace technology as well.

If the Japanese want to spend $6 billion or $7 billion to lay the foundation for becoming a military and commercial competitor to the United States, there is no reason for the United States to makes it easy for them.

The role that economic concerns play in our defense cooperation is crucial to today's discussion. It is well accepted that the Japanese consider the economic impact. We seem to place a great deal of concern on the diplomatic impact.

It is for this reason that I would urge support of the Solomon amendment showing our disapproval of the FSX legislation.

Mr. SOLARZ. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Washington [Mrs. UNSOELD].

Mrs. UNSOELD. Mr. Chairman, today we will vote on a measure that could have far-reaching impacts on America's ability to continue as a world leader in production of military and civilian aircraft. I believe, Mr. Chairman, that this is a bad deal for American industry and a bad deal for American taxpayers because it gives the Japanese a major boost in building a competing aircraft industry. And, it allows Japan to shoulder less defense burden by using defense funds on an unnecessarily expensive aircraft project.

On April 28, President Bush announced that final agreement had been reached between the United States and Japan on development of the FSX, which will be similar to the General Dynamics F-16, with extensive design modifications. The agreement allows General Dynamics to share technology with Japan's Mitsubishi Heavy Industries in exchange for a portion of the development and production contracts.

This is a bad agreement for several reasons. The F-16 is the best fighter produced anywhere in the world. Time and again we have heard promises from the Japanese to buy American products when they are the best in terms of price and quality. The FSX program is expected to cost Japanese taxpayers $48 million for each of the 130 planes that will be built. That is about 2½ times what they would pay if Japan were to simply buy the F-16 off the shelf.

Mr. Chairman, it seems the Japanese are more serious about acquiring American technology than they are about acquiring the most cost-effective aircraft for our mutual defense.

The United States spends billions of dollars every year for the defense of Japan and the Pacific Basin. By choosing this expensive program, Japan will be shouldering even less of its security responsibility than its limited defense budget will allow.

Clearly, the FSX deal does not make sense from a military standpoint. However, I believe the Japanese view the agreement for its commercial, not military possibilities.

Leaders in Japan's Government and industry have made it abundantly clear that they are serious about providing a commercial aviation industry. In fact, Japan already provides about 10 percent of the Boeing 747 and 25 percent of Boeing's 767. Japanese exports of aircraft parts and components to the United States increased from less than $2 million in 1970 to $156 million in 1987.

If this deal goes through, Japan would gain access to much of the technology used in the F-16, an aircraft that has been continually upgraded and which represents the highest technology of any fighter in the world. Acquisition of this technology would be a crucial stepping stone in Japan's drive to build a commercial aviation industry.

Presently, more than 1.3 million Americans work in the aerospace industry. It is one of the highest paying industrial sectors in all of American manufacturing, with workers earning average wages of $13 an hour. But most important, aerospace is the most robust of all industrial sectors in terms of trade. It is the last remaining sector of American manufacturing which runs a large trade surplus, with exports exceeding imports by about $17 billion last year.

Furthermore, aerospace industries are major consumers of other high technology products. If American aerospace loses its share of the world market, it would have a profound effect on other vital industries such as electronics, metallurgy, and composite materials.

Mr. Chairman, I urge my colleagues to oppose this agreement. It would be foolish and shortsighted for us to hand over American technology and expertise that permits Lockheed, Boeing, and McDonnell Douglas to be sent the way of our steel, semiconductor, and computer industries.

Mr. SOLARZ. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Illinois [Mr. LIPINSKI].

Mr. LIPINSKI. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise today in opposition to the FSX deal and support the Solomon amendment which tells our administration and the American people that this is a bad deal for the United States.

Mr. Chairman, the fundamental problem with this deal lies in the way the two countries approached it. We viewed this deal from a limited military point of view, while Japan considered the economic implications. During the negotiation process our Commerce Department was not involved while Japan's Ministry of International Trade and Industry was totally involved. Militarily this agreement seems beneficial to both countries, for it allows Japan to assume a larger role in defending the Pacific. Japan, however, has looked beyond these benefits. Japan realizes that tomorrow's leaders will have economic power, not only military. This dual focus is evident in Japan's Commerce Department's national role. Unlike in this country, policy for both military and civil aircraft production comes under this Department's rule. Thus, proponents of this deal may think we are only giving military technology, but in truth Japan will use this information to develop a civil aeronautics industry. By entering into this arrangement Japan will receive a technological windfall that will add to its already diverse technological base. Using this base, unfair trade practices, and Government subsidies, Japan has already hurt several of our country's vital industries. I am certainly in favor of Japan taking more responsibility in defending the Far East. But this is not the way to do it. Military power is no longer synonymous with national security. The truth is that many of us, and certainly our fathers and many vets of World War II would approve of this agreement because it provides stronger defense east of the Soviet Union. However, it is not out of concern for our fathers or veterans that I rise today. I rise in fear of our children's future. Their economic future. For generations, Americans have passed on to their children a stronger industrial and economic base than they inherited. This industrial base has provided jobs and financial security for all American families. If we continue to give away vital industries such as aeronautics, there will be no economic future for our children. With the revolutionary changes underway in the world, it is becoming increasingly clear that military considerations will play a smaller role in the future world order. Economic competitiveness will be the paramount aspect of national security. Thus, economic competitiveness must enter the equation of this international agreement, and when this deal is examined under the lights of military and economic concerns, it loses its appeal.

Mr. LEACH of Iowa. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Florida [Mr. LEWIS].

Mr. LEWIS of Florida. Mr. Chairman, I rise in strong opposition to Senate Joint Resolution 113.

A few months ago I stood on this floor and expressed my strong opposition to the FSX deal with Japan.

Since that time two events have occurred that have made my opposition to this agreement even greater than it was on that day.

First, the GAO issued a report which verified my belief that Japan did not seriously pursue purchasing F-16's off the shelf.

In addition, the GAO stated that we already have a substantial lead in the areas we stand to gain the most from this deal—phased array radar and composite wings.

And, finally, the GAO substantiated my belief that Japan has rarely abided by nonbinding side letters such as the ones that are meant to correct these fatally flawed agreements. You can look at the VCR's and chips for that.

Second, we held committee hearings on the subject. During these hearings I could not discern a single valid argument to support the FSX deal. Not one.

Mr. Chairman, there is no defending this FSX deal. It puts our aerospace industry, especially its trade surplus, in jeopardy for the sake of short-term profit.

In response to a statement earlier, I am saying these things: I have 19 years in the defense and aerospace industry, 11 in the Air Force and the majority of it in research and development prior to coming to Congress.

This is not a good deal for the United States; this is a lousy deal.

Although this resolution is intended to correct the agreement it does not go far enough. This agreement is fatally flawed. Tinkering around the edges will not and cannot make this agreement any less damaging.

It is truly a shame that even after our recent trade problems we still let the trees block our view of the forest.

But what are we really giving away? We are going to give away the technology for our future fighter aircraft. We are going to give away the technology for our future commercial aircraft and we are going to give away our technology for our future national aerospace plane.

I would like to say that Japan or any other country, if they want our technology, let them get it just like we did: let them earn it.

Mr. SOLARZ. Mr. Chairman, might I inquire as to the status of the time remaining?

The CHAIRMAN. The gentleman from New York [Mr. SOLARZ] has 15½ minutes remaining, and the gentleman from Iowa [Mr. LEACH] has 18½ minutes remaining.

Mr. LEACH of Iowa. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. HOUGHTON].

Mr. HOUGHTON. Mr. Chairman, I was not going to speak today. But I sat in my office and I watched the discussion going on, and I said to myself, "Hey, you know, I know something about this. I have been there before. And maybe it would be of help if I shared a few views with others of my associates."

So what I am going to do is I am going to take these remarks and just give them to the Clerk here. They were written for another point of view.

Let me just say this, that please, please do not generalize on something like this. It is so easy to paint with a broad brush and say because the Japanese were as they were in World War II—and I was in the Marine Corps in World War II and I remember that—that they will always be that way.

□ 1450

Members can go back to the point of view which the Zeros or whatever it is with Mitsubishi, but let me tell Members something. Eighty percent of the business of the earnings of the company I was associated with went out the window because of the Japanese. I should hate, more than anyone, but it is because of a particular situation with a particular industry with a particular company and a thing called targeting. This is not that case. It is not that case.

If Members want to take a look at positive results, ask me, because I will tell them. I can remember making an agreement with the Japanese, and every single point of royalty for products during World War II were paid up to the last dime. It was the only company in any country. Was it England? Was it Germany? Was it France? No, only the Japanese.

Do not generalize. We are not giving away our birthright. We are not giving away anything that does not have sufficient guarantees. It is a good, solid, sound, well-guaranteed, well-thought-out business deal. Take it from a Member who knows.

Mr. Chairman, I rise today in favor of the administration's FSX codevelopment agreement reached with Japan. I am aware of the passions this agreement has aroused. I share some of those passions. As I do, I hope the signal goes out to Japan that this debate in Congress is important. It means that we take our economic, technical, commercial, and military relationships seriously, and we will continue to do so.

The Bush administration has done well. It has been responsive to the concerns expressed in Congress. It has been successful in its efforts to obtain clarification from the Japanese on the original memorandum of understanding.

Now, to the specific arguments. Those against the FSX agreement basically ask why, why do we give our technology away and produce a base in Japan for still another industry to undercut it counterpart in the United States? If the Japanese were really interested in the balance-of-payments problem, the argument goes, they could simply buy our planes. Yes—why not just buy our planes off the shelf? They're available and we need the business.

Well, first of all, the F-16 has not been sold off-the-shelf for 15 years. It is a plane which we produce jointly with a number of our allies. Countries usually do not buy off-the-shelf technology when large numbers of planes are involved. The Japanese in the past have either attempted their own development, as in the F-1, or entered into a licensed joint agreement, as in the case of the F-14, the F-15, or the P-3.

Second, the Japanese didn't want us involved at all at the beginning. They were set to "go it alone." It was the United States that made overtures for joint development. The Japanese said, fine. We, the United States then set out to work through the details. The Japanese again agreed to all of the requests made by the administration. For example we are guaranteed at least 40 percent of the production and development effort with jobs in this country. We are guaranteed at least 2.5 billion dollars' worth of business in this country, for which we have no risk, and which helps our balance of payments. And in return for all of that, for the rest of the century, we stick together and we keep an eye on developments in Japan. We also make sure that the potentially dangerous combination of Japan and European countries will not develop and gang up against us in the aerospace business.

So in essence, we protect what we have and produce additional business. Jobs are preserved, our technology is preserved, we are part of developments in Japan rather than looking in from the outside. Finally, from a personal standpoint I'd like to feel that this move will enable Japan to share a bit more of the huge defense burden our taxpayers now pay for freedom in that part of the world.

And please let's not tinker with this agreement. Let's not be an undependable supplier. Let's not undermine carefully crafted negotiations which have been reached in good faith by the President, Secretary of Defense, Secretary of Commerce, and Secretary of State.

Mr. LEACH of Iowa. Mr. Chairman, I yield 3 minutes and 15 seconds to the gentleman from California [Mr. ROHRABACHER].

Mr. ROHRABACHER. Mr. Chairman, this is not a debate about an aircraft deal. This is a debate about trade relations with the Japanese.

Now we have been giving slack to the Japanese for four decades. We did this for strategic reasons. We needed a strong, economically strong and stable, politically stable Japan in the Pacific for strategic reasons. That is what we have been doing for four decades. Now we find ourselves in an intolerable situation because we should have stopped giving slack to the Japanese a long time ago. We continue to treat the Japanese, who are now a strong competitor with the United States, as if they are a weak brother. What we find is that the Japanese are ruthless in their negotiations with the United States in protecting their own interests, and our side, what we end up with, are deals like the FSX that has Members believing that we have someone like Peewee Herman doing our negotiating. Today it is difficult for anyone to take a look at the FSX deal and the other decisions that are being made about commerce between the United States and Japan without believing that the Japanese are consciously manipulating, in a malicious manner, the trade and commerce between our people.

I am on the Committee on Science, Space, and Technology, and in testimony before that committee, John Mancini, vice president of the American Electronics Association, outlined four steps that the Japanese use in their competition with United States industry.

First, the Japanese closed their domestic market at a targeted market. Second, they forced foreign competitors to trade technology for limited market access. Third, they used their protected markets to develop economies that scaled with the required technology. Four, using the staying power of large vertically integrated and subsidized companies, they deliberately sustained massive short-term losses to gain significant worldwide market share.

This is a manipulation of trade. A conscious manipulation of trade. It does not take a wizard to see that the Japanese have closed their markets to many of the American products that we wish to export. The fact is I had someone in my office yesterday telling me they were having trouble exporting agricultural products to Japan. The Japanese refused, at the expense of $200 million per ship, to purchase the Aegis cruiser last year. Now they are going to try to build their own

F-16's at enormous expense to themselves, rather than buying American products. They are doing this intentionally to amass capital. Instead of having free trade between our countries, they are amassing capital to buy wealth-producing assets and land in the United States.

I am an advocate of free trade. I believe in free trade to my very soul, but unless it is free trade in both directions it is no deal.

Mr. SOLARZ. Mr. Chairman, I yield 2 minutes to my very good friend, the gentleman from Ohio [Mr. PEASE].

Mr. PEASE. Mr. Chairman, I rise in opposition to the FSX sale. I do so from the viewpoint of a person who is most interested of all in trade as an issue.

Let Members look at Japan. We have a bilateral trade deficit with Japan of about $55 billion. Forty percent of the United States' entire trade deficit is with Japan. With the rising value of the dollar recently, there is little hope that this year we will see an improvement in that $55 billion deficit. At the same time, Japan needs a new fighter plane, one like the F-16. It is a golden opportunity for the Japanese to get their new fighter plane fast, by buying the F-16 right off the shelf. It is a golden opportunity for Japan to reduce the trade surplus with the United States. It is a golden opportunity for Japan to show their good faith in seeking to redress their trade surplus. The Japanese are missing that opportunity. However, the Japanese are not the only parties to this arrangement. We have to agree, too.

We in the United States should nix the FSX deal to protect our own interests and to save the Japanese from their own folly.

Mr. Chairman, there are times and places for diplomatic suasion and tough negotiating. But there also circumstances that dictate blunt messages and unequivocal action.

Throughout this decade, Japanese officials have assured American negotiators and the United States Congress that Japan wants to ease tensions and improve United States-Japan trade relations. We have been told repeatedly that the huge surplus that Japan enjoys in its trade with America will be substantially and steadily cut. What has happened? In 1988, Japan's trade surplus with America was over $55 billion, and that surplus shows no signs of further reduction.

If Japan truly wants to reduce its trade imbalance with us, it can simply buy the United States manufactured F-16 aircraft. The FSX agreement, in its current form, is the latest example of America losing its backbone and not insisting that Japan take direct and immediate action to make United States-Japan trade relations more mutually beneficial.

I regret that the Senate did not vote to reject outright the FSX agreement. I am voting in favor of the Solomon substitute, albeit a symbolic gesture, because it most strongly conveys my view that the FSX agreement is a bad deal for the U.S. aircraft industry and its workers in particular and for America as a whole. If the Solomon substitute fails, I will wholeheartedly support the Bruce substitute. At a minimum, the United States flatly should prohibit in the FSX coproduction agreement, the transfer to Japan of critical jet engine technologies as well as any future Japanese sale or transfer of the FSX plane or any of its major subcomponents to any third country.

Mr. LEACH of Iowa. Mr. Chairman, I yield 2 minutes to the gentlewoman from Maryland [Mrs. BENTLEY].

Mrs. BENTLEY. Mr. Chairman, I thank the gentleman from Iowa for yielding time to me.

Mr. Chairman, I heard the gentleman from New York [Mr. HOUGHTON] talk about the great agreement and that we should do this, that we could trust the other side. Let me simply say this: I negotiated with the Japanese when I was chairman of the Federal Maritime Commission, when they were treating American flag ships very unfairly. The length of time that that agreement lasted was until I went out as chairman of the Federal Maritime Commission. That was it, period.

I have also been hearing from some sources about what a good deal this is. Good deal for whom? I do know. However, I want to read a couple of paragraphs of the San Francisco Chronicle of May 19, because we have been hearing from the State Department and others, saying American industry will benefit all the time from this deal.

Mr. William Clark from the State Department testified, and this was only carried in the San Francisco Chronicle, interestingly, where he said that the ban which would be the Bruce ban on "FSX transfers could cause problems for Japan on items it developed on its own." Then Glenn Rudd said, "While there are no plans now to transfer engine technology to Japan, when the plane enters production in 1994 that might not be the case." They laid it out. They are telling Members right in advance, it is going to happen. We will take it away.

Another story that needs to be brought out now is, "Korea feels the heat from Japan FSX furor," from the Wall Street Journal. It says, "After FSX comes son of FSX. The U.S. aerospace industry plans to teach South Korea's largest companies how to build fighters and military helicopters. And just as the American-Japanese FSX jet fighter development plan sparked a furor in the U.S., the Korean project may cause trouble, too."

Mr. Chairman, we have to keep this aerospace industry at home.

Mr. SOLARZ. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. APPLEGATE].

Mr. APPLEGATE. Mr. Chairman, this is a very confusing debate, to say the least, not just in the United States but also in Japan.

First of all, the General Accounting Office has criticized this deal with Japan. They say that the United States is superior to Japan in this kind of technology. The report says the United States has little to gain in this joint project which is in direct contrast to the Bush administration. In fact, there is no technological gain. What, in fact, happens is we lose jobs.

A little bit of confusion. I saw this in what is called the Japan Economic Journal. They are confused over there too. They say in an editorial that this is of little benefit to Japan. They say that the agreement is tantamount to a complete defeat for Japan and that it is extremely regrettable for Japan.

□ 1500

I do not know where they got this language. I think it is reverse psychology or a bunch of confusion, because the government itself is fighting and striving and threatening to have this deal consummated, and their industry over there certainly wants it. In this country, I know that in the Bush administration recently one high official said that if we do not consummate this deal, we will suffer retaliation.

What are they going to do? Are they going to take us to the woodshed? Are they going to punish us by stopping the inflow of 2 million automobiles a year? Or maybe they are going to stop our 6,000 that are going to them? Or maybe they will quit selling us their TV's or their computers or their calculators or their microwaves. Or maybe they will just quit buying our farms and our banks. Maybe they will stop buying our debt, our Government loans, and our securities. Maybe that is what they will do to us. Maybe they will teach us a lesson.

Well, I do not know whether they will or not. I think we should not worry about the consequences. I say to my friends that I think what we have to do is stand up and have a little bit of backbone. Let us keep our industries, and let us keep our jobs. That is what we need in this country. I know that we are short in my district and they are short in a lot of other districts of real good manufacturing jobs and the ability to be able to take care of their families, to clothe their families, to feed them, and to pay the rent. That is what is important, and that is what the American people want.

Mr. Chairman, this is bad deal, and I say we should turn it down.

Mr. LEACH of Iowa. Mr. Chairman, I yield 1 minute to the distinguished gentleman from California [Mr. SHUMWAY].

Mr. SHUMWAY. Mr. Chairman, after long and careful consideration, I have decided to support the FSX agreement. Obviously, I would prefer to see the Japanese purchase our F-16s, a move which would expeditiously

improve Japan's ability to bear a greater share of the defense burden in the Pacific. There is no doubt that the F-16 fits the bill, or that it could be provided to Japan much quicker than development of a new aircraft. Our taxpapers would have no greater cost, and our aerospace industry would remain supreme.

But the fact remains, the Japanese do not want to buy our aircraft. Instead, they want to follow a path which has characterized their behavior whenever they desire a new product: Developing their own industry. I have been critical of Japan for this obstinacy, which is largely responsible for their trade imbalance. If they truly wanted to reduce that imbalance, they would buy our aircraft.

However, if I allowed my frustration with that obstinacy to dictate opposition to the agreement, I would not be achieving anything; I would simply be engaging in the popular sport of "Japan bashing." Once the Japanese decide they are going to develop an industry, they are going to develop it. It may take them awhile, but it will happen. We err when we underestimate their industrial capacity and resolve.

With that in mind, it makes no sense to oppose the agreement. The negotiations stipulate that 40 percent of the aircraft will be built in the United States. If we reject the agreement, we will have zero percent of that aircraft construction. We will be disregarding the strategic and commercial interests of the Nation and, given the fact that Japan will not create an aerospace industry overnight, we will be contradicting our primary goal: Encouraging the Japanese to beef up their own defense.

On the other hand, supporting the agreement has many positive results. Participating in this joint venture will promote good will with a strong ally, stimulate defense self-sufficiency for Japan, provide substantial work for our own aerospace industry, and, in all probability, allow us to benefit from Japanese technology as well. It may not be the ideal, but it is surely the best deal we are likely to get.

I urge my colleagues to support the FSX agreement.

Mr. LEACH of Iowa. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from California [Mr. HUNTER].

Mr. HUNTER. Mr. Chairman, let us treat Japan as a full partner in the Western alliance. They are a full partner. There are now three superpowers in the world, not two. Japan is one of those superpowers. But partnership implies responsibilities and obligations as well as rights, and I think it is important for us to review some of those obligations and responsibilities of belonging to the Western alliance.

No. 1, you have an obligation to contribute to the common security of the West. No. 2—and this is the heart of my argument against FSX—you have an obligation to not sell out the common defense of the West. You have an obligation to hold your corporate citizens in check when they attempt to sell critical military technology to our adversaries.

For one reason or another, the government of Japan has decided not to do that, not to hold their corporate citizens in check. Toshiba Machine has given to the Soviet Union the capability to move its submarines very close to ours now without ours being able to tell about them, because they have sold those critical milling machines to the Soviets, and their submarines are much more quiet because of that. We can say, as a result of classified hearings now, that Greater Toshiba, the parent corporation, sold critical microelectronic capability to certain Warsaw pact nations even after the propeller deal, and we can say, or at least I can say that I have seen evidence that has proven to my satisfaction that Mitsubishi, the primary beneficiary of this deal, has contributed to Mr. Qadhafi's capability to deliver poison gas in a military manner by assisting in his development of his gas-delivery capability in the deserts of Libya.

Now, some people have characterized this debate as being anti-Japan or pro-Japan. I do not think we should characterize it as such, at least not this part of the debate. I want to be put down as a friend of that young man or young woman in a submarine, in the bowels of a submarine, be he a Japanese submariner or an American submariner, who has an interest in our adversaries' not having the capability to destory him.

I want to be put down as friend of that young Israeli or American solider who may be the target of a Qadhafi poison gas raid at some point in the future.

Mr. Chairman, let me say that there are other culprits in this situation. C. ITOH contributed to Mr. Qadhafi's capability. That is now out in the open. Japan Steel contributed, and West German companies in fact contributed directly to one chemical plant itself, and the Government of Thailand refuses to remove its personnel from that site at this time.

Mr. Chairman, Mitsubishi has assisted a terrorist state, Libya, in developing the delivery capability of poison gas. Until the Government of Japan imposes a discipline upon its corporate, citizens, we should now allow them to go forward with deals like the FSX.

Mr. Chairman, the time to apply leverage is when you have leverage. We have leverage now, and we should say no to the FSX.

Mr. SOLARZ. Mr. Chairman, I yield 3 minutes, for the purpose of debate, to the very distinguished gentleman from Oklahoma [Mr. McCURDY].

Mr. McCURDY. Mr. Chairman, I rise in support of the committee resolution and in opposition to the amendments offered today.

Mr. Chairman, that may not be very good political sense, but I think it makes good policy. As a member of the Committee on Armed Services, we held hearings in the Research and Development Subcommittee on the FSX. As a member of the Committee on Science and Technology, we held full committee hearings on the FSX, and as chairman of the Oversight and Evaluation Subcommittee of the Select Committee on Intelligence, I personally held hearings on the agreement to codevelopment of the FSX.

If I had been convinced that the transfer of technology would undermine U.S. aerospace competitiveness, I today would be standing here in opposition to the FSX deal, but that is not the case. I say to my friends that this is not a military decision or debate. This is not a technology debate today, and I am not even sure it is a trade debate. I am afraid we are involved solely in a political debate.

There are three areas of very important technology that we should be watching and preserving in this area. One is the composite wing technology, the co-cured technology. Many U.S. manufacturers turned away from that technology a number of years ago. They have gone to the thermoplastics technology instead.

In the area of avionics, we looked at that technology. But let me list some of the technologies not on the FSX. We hear about all these others. The fire control radar is not a part of it; the electronic warfare suite is not a part of it; the inertial navigation system is not a part of it; the general avionics computer hardware is not a part of it. Not part of this deal due to military sensitivity is the Amraam missile or the Lantirn infrared night system. From the commercial standpoint, the commercial sensitivity, we have prohibited the transfer of any designer notes and background material on the software source codes, the parametric experimental methods, airfoil and wing design methods, carbon-carbon technology, as well as any technology relating to the hot sections of the engines and the electronic fuel control technology.

I say to my friends that it is true we need to closely monitor this codevelopment program, but I do not believe it is in the interest of the United States to kill this codevelopment. I would have preferred to sell off-the-shelf F-16's to Japan, but that was never the case here.

□ 1510

Mr. Chairman, this agreement is consistent with U.S. policy to encourage Japan to develop an air defense system and antiship system, for Japan to assume a greater share of the defense of the Pacific, and that is what the FSX is all about.

Mr. LEACH of Iowa. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Chairman, I thank the gentleman from Iowa [Mr. LEACH] for yielding this time to me.

Mr. Chairman, I have listened to this debate with some interest. I think all of us in this body know that the power to negotiate and make agreements with a foreign nation belongs with the executive branch. We are not talking today about a treaty that requires the advice and consent of the Senate; the FSX agreement is a cooperative arrangement that is completely within the constitutionally mandated powers of the President of the United States. The Japanese entered into these negotiations in good faith with the United States, and both sides have a right to assume they will be concluded in the same spirit. But now, Mr. Chairman, at the end of this process the legislative branch of the Government is trying to insert itself into it. We are sending mixed signals, not only to the Japanese, but to other foreign nations also that are in the midst of negotiations with the United States on other issues. Officials of the executive branch have to have some confidence that they can go into these negotiations with the understanding that what they reach, the agreement they reach, will be one that they can honor.

However, Mr. Chairman, going beyond the legal and the constitutional issues, let us face a very simple truth. The United States and Japan together decided on the military mission we wanted Japan to assume for air defense of the islands. No plane on the shelf meets that mission right now, and so developing a new aircraft is necessary. The choice for Japan is to develop a plane with Europe or to develop a plane with the United States. The kind of fighter technology that is needed cannot be done entirely in Japan. Obviously it is to our advantage to have them do it with the United States in the kind of cooperative agreement we are considering today.

Mr. Chairman, the Japanese have the ability to develop an aerospace industry. We have seen them develop other industries in the past, and they can do it again. The only question is whether they will do it with us, and will we get the benefit. Will we reduce the trade imbalance by helping produce this plane, or will we allow them to do it with a European consortium? We ought not to be sticking our heads in the sand and hoping the Japanese will find it impossible to develop an aerospace industry, because they can do it.

Mr. Chairman, I think that voting for this motion of disapproval to keep the Japanese out of the aerospace industry is foolish. We ought to defeat all of these and allow this deal to go forward.

Mr. SOLARZ. Mr. Chairman, I yield 7 minutes to the gentleman from California [Mr. LEVINE], who is my very good friend, and the leader of the opposition to the FSX sale in the House.

Mr. LEVINE of California. Mr. Chairman, I thank the gentleman from New York [Mr. SOLARZ] for yielding this time to me.

Mr. Chairman, as the sponsor of the resolution of disapproval in the House, I am pleased that the full House has the opportunity to debate this issue on the floor, but I believe that it is unfortunate that this debate comes after both the 30-day deadline for congressional disapproval of the deal, and also after the narrow defeat of the resolution of disapproval in the other body.

In addition, Mr. Chairman, I am also disappointed that we will not have an opportunity in this body to vote on the resolution of disapproval, which I sponsored, today.

We should be clear that the sense of the Congress resolution, which will be before us in the form of an amendment, is sense of the Congress language only in that it will not in fact block this deal.

It is unfortunate that a resolution of disapproval is not before us today, Mr. Chairman, because the FSX agreement remains a bad deal for America.

Mr. Chairman, much has been said with regard to the nature of the debate that is occurring on this floor, and much has been said about it by some of the more thoughtful Members of the House of Representatives: the gentleman from Oklahoma [Mr. MCCURDY], who recently gave a very thoughtful statement; the gentleman from New York [Mr. SOLARZ], who has done such a thoughtful job in terms of his analysis and his crafting of legislation on this issue; and the gentleman from Iowa [Mr. LEACH], who is also in my view one of the most thoughtful Members of the House both on foreign policy issues and on others.

I do wish to emphasize, Mr. Chairman, that I believe this is an important debate, and it is a debate about relations between friends, two countries, the United States and Japan, which must nurture that friendship and insure that that friendship thrives.

However, Mr. Chairman, at a time when we are facing a $55-billion trade deficit with Japan alone, Japanese officials should be particularly willing to abide by free trade principles and to purchase quality, cost-competitive U.S. products, and in this instance they are not. We have such a product in the F-16. Instead of purchasing the F-16, Japan's insistence on pursuing domestic development of the FSX represents its determination to proceed with a high-technology import substitution policy no matter how dire the bilateral trade picture.

This is not, Mr. Chairman, free trade under any definition of the term, and unfortunately it contravenes many of Japan's representations about trade policy. The gentleman from New York [Mr. SOLARZ] and others in this debate have argued, and the gentleman from Arizona [Mr. KOLBE] just a moment ago argued, essentially that we will be getting the same number of jobs and the same number of dollars through the FSX as we would have through the F-16, but that omits a very important part of this equation. Look at what we are giving up. We are handing over very important technology, handing over at a price, but, nevertheless, we are making available to the Japanese very important technology which will significantly enhance and facilitate their ability to compete with us in civilian aerospace.

Neither is development of the FSX by any means the best way of meeting Japan's defense needs. The FSX will not be ready for deployment for a decade while the aging F-1's it is designed to replace should have been withdrawn from service several years ago. Development of the FSX is not a sufficient use of alliance resources. The FSX will cost at least three times what an off-the-shelf fighter will cost, and while one may argue that the FSX might marginally be better than an F-16, it will certainly under no circumstances be three times better.

Mr. Chairman, this is, therefore, a needless squandering of alliance resources which seems particularly egregious in this era of tightening defense budgets. Far from representing increased burden sharing, the FSX effectively decreases Japan's share of the defense burden by wasting part of its defense contribution.

The FSX does not make sense from the standpoint of free trade or from the standpoint of defense. What it does provide is a very substantial boost to the Japanese aerospace industry, both through the technology we give them and through the experience they gain in designing this aircraft.

Quite simply, Mr. Chairman, in concluding the FSX deal we will be giving Mitsubishi the benefit of our experience in aircraft design and manufacturing, systems integration, and aerospace computer design. In essense we will teach the premier Japanese aerospace firm how to build a world-class fighter, something they cannot do today, and I must respectfully disagree with my colleagues who suggest that

they will not in fact enhance Japan's ability to be competitive in civilian aerospace.

Mr. Chairman, let us just listen to Japan's own executives. The former president of Mitsubishi Heavy Industries himself has been more candid than our administration officials in saying that their goal in terms of pursuing this agreement is to enhance their competitive ability with regard to civilian aerospace.

Although we cannot block the deal at this point, I believe we should set parameters for the future negotiations of memoranda of understanding that will govern the coproduction phase of the project should the FSX move into the production phase. The gentleman from Illinois [Mr. BRUCE] is offering an important amendment today which will do precisely that and which will allow us to get a bill to the President's desk as quickly as possible by avoiding a House-Senate conference. The Bruce amendment is so vitally important because it is identical to language passed in the other body introduced by Senator BYRD and supported by a bipartisan group of 72 Senators.

I would like to stress that the Bruce-Byrd language will not impact the existing MOU regarding codevelopment and, as such, is not a killer amendment. It simply confirms assurances we have repeatedly received from the administration on several matters and requests an ongoing GAO review of the project. It does not require renegotiation of the MOU that has already been signed and that took effect upon expiration of the 30-day review period.

The amendment of the gentleman from Illinois [Mr. BRUCE] would provide several valuable safeguards. It prohibits the transfer of critical engineer technology, the so-called hot section of the engine, to Japan. Again, this refers to a future MOU on engine coproduction which has yet to be negotiated. Both the Committee on Foreign Affairs and Committee on Foreign Relations have received repeated assurances from the administration that this technology will not be transferred because of its sensitive nature and its commercial value.

□ 1520

The Bruce amendment would simply make this promise explicit.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. SOLARZ. Mr. Chairman, I yield 1 additional minute to the gentleman from California [Mr. LEVINE].

Mr. LEVINE of California. Mr. Chairman, I thank the gentleman for yielding this additional time.

I simply want to emphasize that the Bruce amendment would also prohibit third country retransfers of technology that the United States supplies under the FSX project, or of products derived from this technology.

This amendment would further require that the Secretary of Commerce review the implementation of this agreement and its associated coproduction arrangements to assess their potential impact on U.S. industrial competitiveness. The source of many of the problems with the FSX deal was the absence of commerce and trade officials in the negotiations of the codevelopment MOU. If the debate over FSX has highlighted only one issue, that issue is that we must begin to factor in our trade and competitiveness concerns into our national security decisionmaking.

Mr. Chairman, I will also support the Solomon amendment because it does provide Members with an opportunity to express strongly the sense of the Congress, the sense of this House, that this transaction should not be approved, but I want to emphasize to my colleagues that it is the Bruce amendment which gives us the best opportunity to send an unambiguous message to the White House that we remain concerned about the wisdom of proceeding with the FSX. I strongly urge my colleagues on both sides of the aisle to join in supporting the Bruce amendment, which will go the President's desk and will put important constraints holding both this administration's feet to the fire and holding the feet of the administration of Japan to the fire, simply ensuring that both governments will do what they indicate they intend to do anyway.

Mr. LEACH of Iowa. Mr. Chairman, I yield 1½ minutes to the gentleman from Florida [Mr. JAMES].

Mr. JAMES. Mr. Chairman, simply, the plan to transfer technology to Japan is a bad idea.

President Bush should work to convince Japan to purchase standard, American made F-16's. Japan must be forced to purchase United States fighters directly, it would go a long way toward reducing the enormous trade imbalance between our two nations.

The current United States trade deficit with Japan is approximately $55 billion annually. The direct purchase of F-16's would cost one-third of what it will cost Japan to develop a new aircraft, even with our technology. And Japan can do no better. American manufacturers are, indisputably, world leaders in the aerospace field. U.S. firms make the best product at the best price. Period.

If the Japanese were to purchase our F-16's directly we could, concurrently, improve the defense of the North Pacific, increase Japan's share of regional defense costs, and significantly reduce Japan's massive trade surplus with the United States.

Despite the strength of that argument, there is an even greater reason for my deep concern over this technology transfer proposal. Although there may be some limited, short-term benefit for a few American companies, it holds, potentially, dire long-term consequences. This proposal will provide critical fighter technology to the Japanese for free. They could then use this technology to become a major competitor of United States firms in the production of high-technology aviation vehicles. If Japan wants to build its own aerospace industry that's fine, but there is certainly no reason for us to subsidize it.

I am no expert in the field, but it appears to me that the United States is getting the short end of the deal. In return for our state-of-the-art technology, which cost United States firms $7 billion to develop, Japan has offered $440 million of subcontracting work to United States industry, and—possibly—a share of the component manufacture for the 130 to 170 FSX aircraft the Japanese intend to build. That does not seem like a good business deal to me.

Finally, I am also concerned about the potential of having this critical technology leaked to our enemies. It wasn't too long ago that submarine technology we shared with Japan wound in Soviet hands, costing United States defense firms billions of dollars and diminishing national security.

Foreign, trade, and social relations with our neighbors worldwide is of critical importance. But promoting and protecting the interests and well-being of our Nation and our people is our constitutional duty. We must honor that charter as our guiding beacon.

Mr. LEACH of Iowa. Mr. Chairman, I yield myself the remaining time to conclude the debate.

Mr. Chairman, I would like to begin by correcting a statement and then by reversing an assumption. The statement relates to the citation of a previous speaker Secretary Cheney. The Secretary said that in the past the technology flow has been primarily in one direction, to Japan. This is a valid statement, but the full context demands attention to the next sentence:

> The FSX agreement reverses this pattern by providing a framework which will allow significant United States access to Japanese technology.

The second point I would like to make is a far bigger one. That is the assumption by which much of this debate is being driven, and that is the assumption that Japan wants to codevelop this particular aircraft with the United States. That is false. Actually, they wanted to build it alone. They wanted to cross-compete it with the Europeans.

It was the United States that insisted that we codevelop it. It is the United States that has been insisting

that Japan spend more on defense and our common security concerns.

Japan is thus in the awkward position of acquiescing to the United States and then being criticized for that acquiescence. This is the crucial perspective.

The second perspective that I think we all should understand is that for the sake of first class political rhetoric we are in the process of jeopardizing 22,000 man-years of jobs in the United States and $2½ billion in sales.

How, I might ask, do we narrow our trade deficit with Japan by refusing to export?

Let us not for the sake of political irrationality drive a stake into our own economic job security in the United States.

Let us also not forget history. One of the causes of World War II was the trade isolation that the rest of the world forced upon Japan. Are we not wise to learn the lessons of history and draw the Japanese to us, instead of spurning them again into supernationalism?

This is a prudent agreement, prudently arrived at. I urge this House to support President Bush.

Mr. SOLARZ. Mr. Chairman, for the purpose of concluding debate, for reasons best known to him, I have very special pleasure in yielding our remaining 30 seconds to the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. Mr. Chairman, in that generous amount of time, let me say that this country used to be known as a bunch of shrewd Yankee traders. In light of that, this FSX decision is almost embarrassing.

I think the FSX agreement is just plain nuts. It is as if we are afraid to stand up for American interests here. We have serious, serious international trade problems, and this FSX decision simply makes no good sense in light of our trade picture, in light of the technology, in light of all the relationships we have with Japan.

I am going to support the Solomon amendment and I am going to support the Bruce amendment, and I hope one of them carries.

Mr. Chairman, the debate today is about partnership. Do we have a constructive partnership with Japan? It arises in the specific context of whether or not Congress should approve an arrangement for joint development of a Japanese fighter called the FSX.

The dictionary defines partners as "those who share, colleagues, or associates." In sports, we think of partners as "players on the same side."

My question to my colleagues is what kind of partnership do we have with Japan? Let's look at the various facets of our relationship, which is supposed to be a partnership.

1. TRADE

The United States is currently running a bilateral trade deficit of some $55 billion. Every year, the Japanese ship us Toyotas, TV, and toasters by the millions and we ship them our farm products and manufactured goods.

This is not a partnership.

Now I concede that in a world economy, nations will not achieve perfect bilateral trade balances with every trading partner. But the magnitude and cause of this massive trade imbalance suggest more is at stake here than a mere accounting problem.

The real problem is that the numbers don't match because the trade policies of the two nations don't match. While the Japanese erect steely import barriers to American products and then subsidize exports to our Nation, we have been content to let Japanese goods freely enter our country by the boatload and then wring our hands whenever we try to give our exporters a hand.

This is not a partnership, but a boxing match in which we tie one hand behind our backs. We are faced with an economic attack, but have responded by negotiating with Japan like greenhorns instead of as shrewd Yankee traders.

Fortunately, the trade policies of our Government are beginning to change. The administration, as a result of a congressional mandate, has recently cited Japan as one of a few other nations which engage in unfair trade practices. We now have the leverage for tough negotiations with Japan, which I hope will lead to the reestablishment of a genuine trading partnership. A partnership based on fairness and balance, a partnership that should extend to questions like the FSX, too.

Let me make clear that I make no excuses for shoddy American products. We have our work cut out for us. We need to produce better products and sell them at more competitive prices. But when we do this and still find ourselves locked out of Japanese markets, then its time to stand up for our interests and let the Japanese know that we stand not just for free trade, but for fair trade, as well.

2. DEFENSE

Japan is one of the two economic superpowers in the world, alongside of the United States yet it spends 1 percent of its GNP on defense, while the United States invests nearly 7 percent of GNP on defense. Ironically, some $90 billion of our annual defense expenditure is for overseas operations. The defense umbrella we provide serves our Nation's interests in many ways. However, in recent years, it has also created a safety net for our allies to ship billions of dollars of exports to our Nation while preventing comparable imports from our country.

I fail to see how this reflects an agreement between partners. It's a sweetheart deal for Japan and a raw deal for the United States.

The United States spends over $6 billion on its forces in Japan, which covers about half of this cost through direct and indirect payments. I simply don't understand why the Japanese cannot absorb the entire host nation support for our troops while we still provide a nuclear umbrella and naval and air protection for Japan.

Since the Japanese insist on producing most defense goods for their own forces, they pay a higher cost for them than if they purchased similar goods already produced in the United States. The duplication of productive facilities in which Japan does not have a comparative advantage ends up costing the United States more because it must then shoulder a greater share of the Asian security burden.

Here again, we find the United States comes up short on a genuine partnership. We spend 10 times as much as the Japanese on defense when our economy is only twice as large.

The United States bases more forces in Japan than in any other foreign country except West Germany. Almost 50,000 United States military personnel join in the protection of what are supposed to be both American and Japanese interests.

Yet, I must again ask my colleagues why the Japanese cannot shoulder a greater share of the support costs for these troops. Would not a real partner do that?

I understand that the Japanese constitution and our own interests in Asia militate against turning Japan into a military superpower. But I don't see that as a threat merely because Japan absorbs the full cost of host nation support for United States forces or because it purchases a larger share of military supplies from United States companies. Precisely the reverse would be true if this were the case.

3. FSX FIGHTER AGREEMENT

The discussion of our trade and defense relationship with Japan leads me then to question the partnership involved in the development of a Japanese fighter plane, which has been dubbed the FSX.

The United States Government has already negotiated the broad outlines of an understanding with the Japanese Government on the development of the FSX fighter plane. I regret that such a deal has already been struck. The Japanese could just as well purchase F-16's or other United States fighter planes modified to meet specific Japanese requirements.

My own preference would be to reject this arrangement and that is why I support the Solomon amendment. It expresses the sense of Congress that the U.S. Government should not proceed to give final approval to the FSX codevelopment.

Unfortunately, the basic deal has already been struck. However, Congress can still insist on certain conditions on the pact to protect American interests. That is precisely what the Bruce amendment does and I plan to vote for that amendment as well. It helps to ensure that the United States does not relinquish critical aviation technologies to Japan or other nations. This is a grave concern because a recent report to the United States Trade Representative clearly shows that the Japanese Government has targeted its aerospace industry for further development.

More specifically, the Bruce amendment recasts the resolution before us today in the same language which the U.S. Senate approved by the overwhelming margin of 72 to 17. It mandates that the following key conditions become part of the memorandum of understanding for coproduction of the FSX.

First, the Bruce language prohibits transfer to Japan of critical jet engine technologies.

Second, it also requires that the coproduction agreement bar any transfer of technol-

ogies developed by joint action to third countries, and

Third, it mandates that at least 40 percent of the production work be allocated to the United States.

All this does is affirm a production partnership, an arrangement based on a fair deal for both sides. That's where we should be as partners.

Mr. FLORIO. Mr. Chairman, I rise in support of the resolution.

Mr. Chairman, I oppose the administration's plan to codevelop the FSX with Japan. It doesn't make sense from a defense standpoint, and it has never made sense from an economic standpoint.

With the recent Senate vote, it is unfortunately the case, however, that the Congress cannot block this agreement. Instead, our only opportunity is to impose conditions on what Japan can do with the technology it receives from us. For this reason, I support the resolution.

Mr. Chairman, at this time I would like to review my concerns about this agreement. Japan needs a replacement fighter to meet air defense needs in the Pacific today—not 10 years from now when the full complement of FSX fighters might be in place. Furthermore, an existing fighter, the F-16, has already been judged capable of performing the mission Japan has in mind for its proposed new plane.

Why then is our Government planning to go forward with this codevelopment venture with Japan? We are told that Japan wants a new plane of its own—but why? There is no defense reason to build a new plane, rather than buy the F-16. What Japan really wants is not to satisfy its defense need, but instead to acquire the technology it must have to satisfy its industrial and economic need to become a world class aerospace competitor over the next 10 years.

By agreeing to codevelop the FSX with Japan, we are not merely helping a close ally meet a mutually important defense requirement. Instead, we are giving our strongest competitor in the world marketplace the expertise it lacks to directly challenge America's leadership in international civil and military aircraft sales.

And, what are we getting in return? General Dynamics, as the United States partner under the agreement for Japan's Mitsubishi heavy industries, will earn about $400 million in licensing fees. In addition, General Dynamics may get composite wing technology, a technology which it alone among all U.S. aerospace firms seems not to have.

These are hardly the kind of benefits that make undermining an industry that earns the United States $18 billion annually in our trade account, appear worthwhile. The unfortunate conclusion I draw from our Government's insistence on going ahead with this deal is that we have become so dependent on Japan and other countries to finance our budget deficit and purchases of foreign goods and services, that we have lost our ability to defend our own economic interests.

I am concerned that we may be afraid to tell the Japanese that it is not in our country's interests to participate in the FSX agreement. If this is the case, it has consequences for the security of our country that are much broader than the proposed agreement.

Japan has every right to build its own fighter plane, if it believes that to be in its national interests. On the other hand we have the same right not to help them do that, if we believe it is contrary to our country's interests.

It is time we stopped acting as if America's future economic strength will be determined by how much foreign capital we are able to borrow. To be strong, America must help our allies meet their legitimate defense needs, we must keep our competitive industries strong, and fight to expand markets. The administration's FSX agreement fails on all three counts.

Mr. BRENNAN. Mr. Chairman, I rise in opposition to the prepared transfer of sensitive aerospace technology to Japan in the FSX fighter deal. Unfortunately, the full Senate has acted on this matter and permitted the transfer to take place. However, we can send a signal that this transfer is seriously questioned by this body.

At a time when Japan is being cited for unfair trade practices, I do not see the merit in allowing this transfer of sensitive technology. While our aerospace industry remains No. 1 in the world, I fear this transfer could jeopardize that status. Too many of our industrial sectors have fallen victim to unfair Japanese competition at the expense of lost jobs and industrial capabilities. We must begin, however late, to recognize the importance of judging first our economic and national security concerns when dealing with the Japanese and other foreign competitors.

As a member of the House Armed Services' Investigations Subcommittee, I heard considerable testimony on this important issue. From review of that testimony, I am unconvinced the FSX deal is in our Nation's best interest. A common theme expressed in that testimony was that the deal has already been made and that Japan will not buy existing United States fighters. I believe this body has a responsible role to play in reviewing arms sale transactions and should give close examination to this transfer.

Japan has maintained they want to be a good and dependable defense ally—and I believe them. However, to meet their defense needs we have F-15 and F-16 fighters currently ready for sale. If those fighters meet the demands of our Nation, they will certainly meet the threat posed to the Japanese.

I urge my colleagues to examine this issue in the context of protecting sensitive United States technology while permitting Japan to meet its legitimate defense needs. I remain convinced that we can protect our technology and sell our top-of-the-line fighters to Japan for their defense needs. Please join me in voting to block this FSX transfer.

Mr. DINGELL. Mr. Chairman, the Bush administration continues to be soft on Japan. President Bush recently managed a flawed deal to codevelop and later to coproduce an FSX fighter jet with Japan. In the most basic terms, the FSX agreement is a sellout of American technology.

The United States has entered into a number of coproduction agreements with foreign countries in years past, but this so-called deal with Japan is unique. First and foremost, Japan is the only country in the world that is running a trade surplus of more than $50 billion a year with the United States. In other words, Japan refuses to cooperate with the United States to tear down the massive trade barriers that continue to stand between this great Nation and Japan. Throughout the Reagan and now the Bush Presidencies, I have expressed my deep concern for the unfair trade practices between the United States and Japan. Unfortunately for the American worker, both administrations have done far too little and is consistently far too late in their negotiations.

As chairman of the subcommittee on Oversight and Investigations of the House Energy and Commerce Committee, I have become concerned with the growing number of coproduced defense weapon systems that the Reagan administration has undertaken with Japan. Now President Bush is offering Japan the biggest deal of all, a part of the United States aerospace industry. The Japanese purchase many of our defense products, but rarely are these products manufactured or produced in the United States. Rather, the Japanese merely buy our technology and know-how preferring to develop industries and jobs in Japan. The same fate, I am afraid, may be in store from the FSX fighter plane deal.

The short-term financial benefits for the United States will be minimal as compared to the long-term benefits for Japan. In fact, Mitsubishi Corp., which has been working with General Dynamics to complete the agreement, is eager to obtain the American technology so they can immediately go to work and build an aerospace industry to compete with the United States. Japan's Mitsubishi wants this technology because the future economic benefits are enormous. The Japanese would be foolish to refuse this deal. The United States has the most-advanced aerospace industry in the entire world because we are able to integrate systems better than any country in the world. For example, I admit the Japanese are good at building VCR's, but they lack the unique ability to take multiple components and to construct a cohesive fighting machine like a FSX fighter jet. The United States will be providing Japan the ability to take individual systems and combine them to produce a technologically advanced fighter jet. General Dynamics and the Bush administration have decided that even with the technology transfer, the United States can maintain its lead in the aerospace industry into the future. Michiganians and most Americans know that this is utterly untrue. The Japanese have called our bluff a number of times, particularly with the automobile industry, and now they are doing it again.

After World War II, the United States essentially rebuilt Japan's war-torn industrial base. As we can see today, the Japanese have capitalized on our generosity and have taken steps to block the sale of most American automobiles into Japan. Only until recently have the big three American automobile manufacturers been able to make any slight inroads in the massive automobile trade gap. Americans will lose their jobs if we do not send the administration a clear message regarding the FSX agreement and future deals with Japan. Therefore, absent rejection of this

entire deal, it is imperative that Congress adopt the Bruce amendment.

I have opposed this deal from its very beginnings starting from its early conception during the Reagan administration through today and I will continue to oppose it as long as I serve the people of the 16th District of Michigan. However, the least that the House of Representatives can do is pass the Bruce amendment hoping it may force the administration and the Japanese to reconsider and perhaps refuse this bad deal. This, unfortunately, is unlikely because Japan wants the deal and the administration wants them to have it. Since it is unlikely that this deal will fail, the Bruce amendment will hopefully send a strong message to Japan that this great body, the U.S. Congress, insists on the most stringent standards for coproduction and codevelopment should the FSX agreement be accepted.

The Bruce amendment strictly prohibits any technological transfer of critical engine technologies to third countries. The amendment also affects the coproduction phase as opposed to codevelopment whereby any changes requested by Japan in the coproduction phase will require a vote by the Congress. This strengthens the U.S. negotiating position since the administration is insistent on weakening them. The amendment also requires the Commerce Department, which was only called upon by the administration when the FSX agreement appeared to be in jeopardy in the U.S. Senate, to participate in the coproduction phase of the agreement. Finally, the Bruce amendment would request the General Accounting Office [GAO] to monitor the coproduction phase and to inform the Congress of any problems associated with or any breaches of the FSX agreement.

While I oppose and will continue to oppose the entire FSX agreement with Japan not only for the loss of valuable American technology, but also the loss of many American jobs, the Bruce amendment is the only solution to put the Bush debacle to rest once and for all.

Mr. CONYERS. Mr. Chairman, the FSX agreement with Japan is yet another body blow against America's industrial base. Unfortunately, we will not have the opportunity today to vote down this deal, but only to manage the damage it will cause to our own ability to compete in worldwide aircraft markets.

In many respects, we find ourselves in the situation of closing a fence gate after horses of the caliber of "Sunday Silence" have escaped. In the resolution we are considering today, we are trying to protect the rest of the herd; and we know the same "technology thoroughbreds" that got away through the FSX deal will be racing against us. It is as simple as that.

So, why is what we are doing here today important? We are trying to prevent the same blunder that the administration has made in striking a deal with the Japanese to codevelop the FSX from being repeated when it comes to negotiate production terms.

Th resolutions we are considering will tighten up certain understandings about the transfer and development of technology as a result of the codevelopment agreement. It will also express the sense of Congress that the U.S. share of the total value of production will be no less than 40 percent, including the value of spare parts and other items. All well and good, if we have no choice but to pursue this agreement. The GAO is also required to monitor the implementation of the codevelopment agreement and submit annual reports to the Congress.

Let our vote today put on notice the Japanese and the administration that we will be watching "every step you take, and every move you make" on the FSX, and this is for good reason. Our Nation can ill afford further deterioration of our industrial base. Recent studies have shown that despite a $2 trillion defense buildup, our economy has suffered and our dependence of foreign produced components and foreign technologies for our own defenses has grown. Furthermore, even the official statistics appear suspect and mask the real extent of the decline of the manufacturing base of our Nation.

Today we have essentially three choices on how to demonstrate the concern of Congress about the FS-X deal. Regrettably, we cannot stop the codevelopment agreement. However, we can cast a symbolic vote for the substitute put forward by Mr. SOLOMON which would offer the sense of Congress that we not proceed with the FSX codevelopment agreement. Unfortunately, this substitute would be successfully vetoed by the President and subject to further parliamentary delays.

A better approach is that taken by Mr. Bruce who has proposed to adopt the resolution already cleared by the other body. Importantly, this is strongly supported by those workers whose future job security is in the greatest jeopardy. These are the men and women who have brought the U.S. aerospace industry to the world leadership it still enjoys.

The Bruce substitute also has real teeth. It requires that negotiations over the coproduction agreement clearly prohibit the transfer to Japan of "critical technologies" relating to jet fighter engines, as opposed to the sense of the Congress resolution reported by the Foreign Affairs Committee. Likewise, the Bruce substitute prohibits the Japanese from taking advantage of FSX technology developments for commercial application. This seeks to limit damage done through a so-called dual use technology transfer.

Mr. Chairman, preserving our national and economic security through protecting our industrial base is a solemn responsibility we all have. Moreover, it is a horse race this country cannot afford to lose. I urge the adoption of the Bruce substitute by a veto-proof margin.

Mr. DENNY SMITH. Mr. Chairman, I rise in strong opposition to Senate Joint Resolution 113, a resolution to approve codevelopment of the FSX fighter between Japan and the United States. This agreement is not in the long-term interests of this country militarily, economically, or politically.

Having traveled extensively along the Pacific Rim while in the service and as a commercial airline pilot, I have had the opportunity to observe Japanese trade practices on a firsthand basis. The bottom line is that they do not play by the rules when it comes to international trade. We have talked to them about opening their markets to our goods and services, and they have done so in only a few instances.

They refuse to buy dimensional lumber from this country, and that hurts the timber industry of the Pacific Northwest. They inflate tariffs and reduce quotas on citrus products and beef. Yet they freely send their cars, VCR's, stereos and cameras into our country. In all, practices in 34 separate goods and services have come into question, resulting in President Bush declaring Japan a "super 301" country under the provisions of the omnibus trade bill.

Now, we are being asked to enter into a multibillion dollar arrangement to build one of the most sophisticated aircraft ever designed, and expect that they will live up to all parts of this agreement. This prospect is not borne out by recent history.

The transfer of technology to other countries has always been a sensitive issue. We set up the Cocom committee for the purpose of monitoring these transfers to ensure that the security of the United States and its allies was not damaged. I recognize Japan's role in the security interests of the United States, and I am sure they recognize their role in ours.

Yet, this did not prevent one of their major corporations, the Toshiba Co., from selling highly sensitive milling equipment to the Soviet Union, thereby allowing them to produce quieter submarines. This decision to place their own profits over the security of the Western Alliance is costing us billions of dollars in antisubmarine warfare technology. We have no guarantee that this will not happen again.

Contrary to the statements of those who support this deal, the General Accounting Office has concluded that the technology that we will receive from the Japanese is not as sophisticated as that which they will receive from us. Yet, we are to believe that they have no interest whatsoever in entering the civilian or military aerospace industry on a competitive basis. Quite simply, I do not believe that they will stay out of this business, and they will enter with the intention of ultimately controlling it. This is not in the best interests of this country.

The memorandum of understanding [MOU] states that the United States will be guaranteed a portion of the construction dollars on this project. In fact, this promise is only for a limited number of planes. After that number has been reached, we will be forced to negotiate on future levels of participation. This is not the "fair" and "open" deal that has been stated by the Bush administration.

This is a "done" deal. Under the terms of the agreement the President did not have to bring this resolution before Congress, and the decision of either the House or Senate to disapprove the deal would not stop it from proceeding. Therefore, our actions here today would appear to be moot.

However, as I stated in my attached letter to the President, the real fight is about to begin. By rejecting this deal today, we are sending a clear message to Tokyo and 1600 Pennsylvania Avenue that business as usual can no longer continue. The Japanese Government has an obligation to abide by both the spirit and the letter of this agreement.

They must open their markets to more than those companies connected with this deal, not just state an intention to do so down the road. They must negotiate on all future planes in good faith, as promised in the MOU.

The Bush administration also has an obligation to ensure that the Japanese comply with this, or any other, agreement. We can no longer afford to wave off violations as merely a mistake or a minor indiscretion. We can no longer afford to look at the FSX deal as a separate item in the trade debate.

The trade difficulties with Japan, and their excessive trade surplus, are direct results of unfair trade practices. Before we enter into new agreements of this magnitude, we should ensure that they are living up to the old ones.

The letter follows:

HOUSE OF REPRESENTATIVES,
Washington, DC, May 18, 1989.

Hon. GEORGE BUSH,
President of the United States, The White House, Washington, DC.

DEAR MR. PRESIDENT: I am writing to you today to express my displeasure and deep concerns over the joint United States-Japan FSX project. I do not feel that this agreement is in the best interests of the United States militarily, economically, or politically.

The transfer of technology to other countries is always a sensitive issue. As the leader of the free world, the United States has a special obligation to help our allies whenever possible. However, the overriding concern of any decision we make in this area is that these type of programs must be mutually beneficial, not one-sided. I believe the FSX deal fails the test.

From a military perspective, Japan's position of the Pacific Rim makes it our most important ally in the region. I am in complete agreement that her help in ensuring open sea lanes is vital to our own security interests. However, this could have been accomplished in a more timely and less expensive fashion had Japan purchased F-16's that are currently in production.

I would also be remiss if I did not remind you of the Toshiba incident of 1983, where that company had no qualms about selling advanced submarine technology to the Soviet Union. We are still paying for that action through increased costs of anti-submarine technology. Regardless of what official government representatives may say, we have no guarantee that this problem will not recur in the future.

From an economic standpoint, this deal will not help ease our longstanding trade deficits with Japan. While the Memorandum of Understanding (MOU) states that U.S. companies will be responsible for forty percent of the work on the project, this will only apply to a limited number of aircraft. After that time, we will be forced to negotiate for the level of future U.S. work. Given the Japanese perspective on negotiations, that does not bode well for us.

In addition, the GAO has reported that the technology we will gain from the Japanese is out-dated, whereas the technology that we will give them is of the most advanced nature. It is obvious to many of us in Congress, especially those with an interest in aviation, that the Japanese will eventually use this technology to enter the industry in a major way. This will adversely affect companies in this country.

Finally, from a political perspective, it is time that we send a message at home and abroad. Having spent many years travelling in the Pacific Rim as an airline pilot, I can tell you unequivocally that Japan cheats when it comes to trade. In spite of years of negotiations, the Japanese still close or limit their markets in 34 key products and services. Many of these products are vitally important to my home state of Oregon. They refuse to buy our dimensional lumber products or open their markets to our beef. Yet, they flood us with their automobiles and VCR's. This is not only unfair, it is illegal under several multilateral agreements to which they are signatories.

With the Senate's recent vote on the Motion of Disapproval, the FSX has become a "done" deal. I truly believe that this is a mistake.

It is imperative that you deal with the Japanese in a tough manner to ensure that they live up to their end of the "bargain." The first step should be declaring Japan a "super 301" country under the provisions of the "Omnibus Trade Bill." This would force them to engage in direct negotiations on a number of fronts, and require them to actually open markets and not merely state an intent to do so.

You and the pertinent Cabinet officials must now monitor the FSX deal to ensure strict Japanese compliance with its provisions. An editorial in the May 13th edition of the Japan Economic Journal voiced concern about how "unfair" this deal is to Japanese interests. It is this philosophy which will ultimately guide their decisions on this matter, not the actual terms of this agreement.

Mr. President, this is an important issue to many of us in Congress and around the country. It is my hope that you pay close attention to it, and my hope that you will send a strong message of your intent by naming Japan a "super 301" country.

Best regards,

DENNY SMITH,
Member of Congress.

Mr. RAHALL. Mr. Chairman, today I rise in strong support for the amendments to Senate Joint Resolution 113 to be offered by Representative SOLOMON and Representative BRUCE, both of which go a long way toward improving the committee-reported version of this resolution regarding the FSX fighter plane agreement with Japan.

While we in the House cannot block the administration's plan to proceed with the FSX codevelopment project due to the Senate's earlier vote against a resolution to do so, support for the Solomon substitute—which expresses the sense of Congress that the U.S. Government should not give final approval—will send a strong message to both the President and Japan that we adamantly disapprove of the negotiated agreement, and, hopefully, will discourage similar lopsided deals in the future.

I oppose the deal for three main reasons. First, it allows the Japanese, yet again, to ignore their promise to the United States to buy American products when they are superior in price and quality, as are our current jet fighters. This is ludicrous in view of our huge trade deficit with Japan, which has averaged over $50 billion for each of the last 4 years. Why should we approve a plan that once again willingly permits the Japanese to disregard their growing trade surplus with the United States?

Second, this agreement allows Japan to further shirk providing their fair share of the international security burden. While Japan's economy is more than half the size of that of the United States, its defense budget is less than one-tenth the size of our defense budget. Not only are American military forces helping to protect Japanese commercial interests throughout the world, we're also playing a major role in the protection of Japan itself. It is my fear that instead of contributing more toward their fair share of our mutual defense, the Japanese will use the FSX deal to disguise subsidies to what could become a new export industry.

This ties in with my third reason for opposing the FSX codevelopment project. This agreement will allow the Japanese to use American technology and expertise to help advance their clearly stated goal of developing an aircraft industry that will compete with American firms in world markets. This conclusion is hard to avoid when one looks at the deal from a military perspective. The Japanese had several alternatives to developing the FSX. They could have simply purchased F-16's at less than half the cost of the FSX. They could have saved a significant amount of money by buying U.S. twin-engine fighters with greater range and payload capacity. They even had the option of negotiating for the new generation of U.S. fighter planes which is expected to be available earlier than the FSX at about the same cost. One must ask why they chose the option which not only is extremely expensive but also limited in what it adds to their military capability. I believe their interest in the FSX is not military but commercial. This deal has the potential to be especially damaging to the United States in view of the serious intent of the Japanese to build a world class aerospace industry to compete directly with ours, which is critical to the long-term economic health of the United States.

The Bruce amendment is far superior to the committee resolution in several key aspects, and is our best chance to minimize the adverse effect of the FSX deal on U.S. industry and workers. First, it would prohibit the administration from agreeing to provide Japan with critical jet engine technology as part of the agreement, as opposed to simply expressing the sense of the Congress on this issue. This is important because engine technology is especially likely to have commercial applications. And second, the amendment requires that any coproduction agreement on the FSX prohibit Japan from selling the FSX or any major subcomponents to third countries. The resolution merely calls for prior U.S. approval of such a sale. A prohibition of these sales should not be objectionable in view of the fact that the Japanese Government has a longstanding policy against exporting weapons.

I urge my colleagues to support the Bruce substitute: not only is it a vast improvement over the committee resolution but, because its provisions are identical to the Senate version, its adoption will ensure that it goes directly to the President for his immediate consideration.

Mr. KANJORSKI. Mr. Chairman, when the economic history of this decade is written, one of the decisions which will stick out is the Bush administration's decision to give highly sensitive aerospace technology to the Japanese. History will record this as a tragic mis-

take both in terms of national security, and economic security.

It is no wonder that the American people are losing confidence in their Government when they see it giving away the key to an important sector of our economy, when we already have a $50 billion trade deficit with Japan.

Today, America is the acknowledged leader in the aerospace world. Tomorrow, after we have given away the FSX technology, we may find ourselves buying Japanese aircraft, just as we now buy Japanese cars, TV's, VCR's, and radios.

It was said of the previous administration that it wanted to put two cars in every garage, even if both of them were Japanese. This administration seems determined to put an airplane in every hangar, even if those airplanes are made by Japanese workers, and even if they worsen our trade deficit, our budget deficit, and our rate of inflation.

It should come as no surprise to the American people that the only way the administration could put the FSX deal through was under a cloak of secrecy, because the deal never would have withstood the light of public scrutiny. That is why when the deal was being negotiated the administration slapped a gag order on its own officials, and why it made a mockery of the concept of a bipartisan foreign policy by refusing to consult with the Congress. Only when the deal was done, when we were faced with a fait acompli, would the administration release any information on this deal. Even today, the administration refuses to release all the details of its secret agreements with the Japanese.

The American people deserve better than this. We in the Congress should have the courage to reject this deal so that these aircraft can be made by American workers, in American plants, and under the careful watch of our national security officials.

Mr. Chairman, this weekend, in a very revealing article in the Washington Post, T. Boone Pickens warned us that the Japanese do not play by the same rules of engagement as the United States. He makes it clear that investment between our two countries is not yet a two-way street. We are clearly engaging in wishful thinking if we allow ourselves to be deluded into believing that coproduction of the FSX will work.

I would like to share with my colleagues the full text of Mr. Pickens' article, "T. Boone Takes on Tokyo: How a Corporate Dealmaker Learned That Japan Doesn't Play by Texas Rules" in the hope that they will learn from it, and reject the proposed FSX deal.

[From the Washington Post, June 4, 1989]

T. BOONE TAKES ON TOKYO: HOW A CORPORATE DEALMAKER LEARNED THAT JAPAN DOESN'T PLAY BY TEXAS RULES

(By T. Boone Pickens)

Maybe I should have been worried when I got off the bullet train in Tokyo on April 16 and picked up a newspaper. I was amazed to read that the Japanese press was comparing my recent investment in a Japanese manufacturing firm and my trip to Japan with the historic "Black Ships in the Harbor" visit by another American, Commodore Matthew Perry, in 1853. Perry's visit forced Japan's economy to open to the outside world.

I'm not trying to sell the idea that T. Boone Pickens was so naive as not to have considered cultural and symbolic issues before acquiring, in March of this year, almost a billion dollars' worth of stock in Koito Manufacturing Co., a Japanese supplier of automobile lighting. Still, I had observed how over the past decade the Japanese, with relative ease, invested billions of dollars in the American economy, and I took it almost for granted that our investment in Japan would be received similarly.

After all, I have been giving speeches since the early 1980s about the emerging global economy and the opportunities it would offer for U.S. as well as foreign investors. I can hear myself now. I would say that American executives should quit whining for protection and get back to the workbench and compete. I said I was skeptical about claims that countries like Japan played by two sets of rules, one for their home companies and another for ours. I said that with the right corporate leadership, all you would have to do is show us the court, tell us the rules, and Americans could win most of the time.

It was always a popular speech. I gave it, for example, to a middle management seminar at Harvard in 1986. There were about 30 managers from Japanese companies in the class. They grinned broadly throughout the speech and came up to me afterward to register their complete agreement. I think I understand better now what it was they were smiling about. The reason for my new understanding is this: When I visited Japan back in April, I got a first-hand introduction to what it is like to do business—wait a minute—to *try* to do business in Japan.

After my unexpected welcome in the press, my second tip-off to the fact that it wouldn't be business-as-usual came when I walked into a luncheon to deliver a speech to the American Chamber of Commerce at Tokyo's New Otani Hotel. The crowd was so large that they had to change rooms to accommodate it. I learned later from the Japanese press that the press conference that followed was the largest in Japanese business history.

What amazed me most, however, were the quizzical looks we received when my wife Bea accompanied me to the table from which my partner Sidney Tassin and I would answer the media's questions. It's well known that women are not included in Japanese business circles, but I didn't realize that a woman's presence in today's world would draw such attention. After all, it seemed natural that Bea would be by my side. She was there in 1976 when Mesa tested its discovery well off the coast of Scotland in the North Sea. She was there when I addressed Gulf Oil's shareholders in 1983. In fact, Bea has been at my side at every major juncture in my career since our marriage in 1972.

This reaction struck home not just because it ran contrary to American instincts, but because I was involved in one of the largest business transactions of my career. And I was quickly coming to realize that it involved conflicts of culture and custom the likes of which I had never experienced—and I have experienced some pretty good clashes of culture with entrenched management in this country.

Though shares in Japanese companies are ostensibly traded freely on world markets, a clubby system of interlocking ownership governed by an unwritten corporate code ensures that control of these companies will remain in Japanese hands. It also ensures that stocks on the Tokyo Stock Exchange trade at unusually high multiples of share price to earnings because only a small percentage of a company's shares actually trades freely.

In a typical Japanese public company, 60 to 80 percent of its shares are held by what is known as a kieretsu—a web of "stable" stockholders, most of whom either do business directly with the company or with one of the company's major holders. Koito is a classic case. Toyota Motor Corp. owns 19 percent of Koito's shares—and at the same time is Koito's largest customer, buying almost half of its products. Another 40 percent is held by Koito's other customers, banks, insurance companies and suppliers. These stockholders do not expect to make money through the stock, but through the business relationships that come with being a member of the club.

The opportunity to purchase a 20 percent interest in Koito was unique: It was the first time in history that a major block of shares in a Japanese company had become available to an outsider without the approval of the kieretsu. We purchased the stock from a Japanese investor who had accumulated it from various sources, including disgruntled members of Koito's founding family.

The press reports that the Japanese markets were "stunned" by our investment caught me by surprise. I saw it as an unusual, but fairly straightforward, transaction posing no threat to Koito management. Our intention was to obtain representation on the company's board and to play a constructive role in planning Koito's future, especially in expanding its customer and operating base in America and Europe. We had no thoughts of taking over the company—that would be impossible given the structure of Koito's ownership. Nor did we have any plans for accepting greenmail, despite rumors to the contrary. In an April 19 letter, we expressed all these assurances, and requested a meeting with Koito's management.

The first roadblock we came to was Koito's concern about the completeness of our filings. We had consulted the Japanese Ministry of Finance and Ministry of International Trade and Industry on our transaction and had been assured that our filings were complete. Still, by March 31, the last day on which ownership entitled us to vote at the June stockholders meeting, Koito had not registered our stock. When we got to the bottom of the matter, it rested on Koito's complaint that we had failed to note that Koito did business with a "sensitive" national security-related industry because it produced interior lighting for aircraft. Sensitive? Maybe they don't realize that American planes have interior lights too.

By the time we left for Japan on April 15 for my speech to the Chamber of Commerce, Koito had still not registered our stock or agreed to a meeting. Finally, on the day of the speech, Koito—having failed to convince the Japanese government that our filings were incomplete or inaccurate—agreed to register the stock in the name of Boone Co., a private company through which the investment was made. After the press conference, our Japanese lawyer received word that Koito would meet with us.

The next morning we met with Takao Matsuura, Koito's president, and other Koito representatives. After exchanging pleasantries, and briefly discussing Koito's U.S. operations, Matsuura stated that he was glad to have this first meeting but he did not want to address any "difficult" ques-

tions. He explained that in Japan, a first meeting was often just an exchange of business cards. But, objected my partner, Sidney Tassin, we had come a long way, and none of our few questions seemed to us particularly difficult.

We asked for the date and time of Koito's annual shareholders meeting, and we asked to be allowed to send observers to their next board of directors meeting. Finally, we asked for representation on Koito's board of directors equal to that of their other large shareholders, Toyota, which has three representatives.

With this last question Matsuura stiffened. The Koito managers did a lot of talking and exchanged disdainful looks. In the end, all we got was the date and time of the shareholders meeting—10 a.m. on June 29.

As to the other questions, we were told that we didn't understand Japan's prevailing custom and practice. "In the future," said Matsuura, "we [Koito] would consider thinking about whether you [Boone Co. representatives] could be on the board. But we are not saying you could be."

To this I responded, "I am hearing that you do not consider us owners. That we have to work our way in. I understand your custom but not the logic."

Matsuura replied, "We have a different system. This will take time, trust must be built, logic is hard to explain. . . ."

They asked that we send a formal letter requesting representation on the board for "full consideration." I was about to learn that the Japanese notion of trust isn't much like the one we know in Texas.

Finally, Matsuura asked that we not discuss with the press what went on in the meeting—that we honor the Japanese custom of portraying the first meeting as cordial and introductory. We were not trying to put Koito's management in an uncomfortable position, so we agreed; and when I was later met by the press, I honored Matsuura's request.

We went directly from the meeting to Tokyo's Narita airport for the 10-hour flight back home. Upon arriving in Texas, we learned that Koito had held a press conference shortly after our meeting to announce that we had requested board representation and that our request had been turned down. So much for the required portrayal of first meetings—or for giving our request "full consideration."

Nevertheless, we went ahead and sent a formal request on April 21. We also asked that four representatives of Boone Co., including an interpreter, be allowed to attend the June 29 shareholders meeting. The first response we received was that Koito management was using its "best efforts" to accommodate the request—at the same time that Tokyo's financial press was reporting that our requests have been rejected. Then on May 23, we got a letter saying that it would be all right if I came to the stockholders meeting with an interpreter—but no one else!

I wonder what Matsuura meant by "building trust?"

At the same time, Koito denied our request for representation on their board. Yet at the very same meeting where that decision was made, Koito directors voted to add a new director to represent Matsushita Corp., a Japanese company with only a 5 percent holding in Koito stock, compared with Boone Co's 20.2 percent holding.

It's becoming very clear that Koito's management does not want me or any Boone Co. representatives on the inside. But why? We are requesting three seats. With Koito's 20-member board, we couldn't be a threat. What could we do to disrupt the company, and why would we want to? With a 20 percent investment, our interests are the same as all the shareholders and Koito's managers—to maximize Koito's potential.

Admittedly, I'm a four-day wonder on the subject of Japan (though negotiation of the purchase agreement did involve 10 lengthy meetings over four months), but I have come to the conclusion that investment between our two countries is not a two-way street. Every day we read about a Japanese company or investor making a major investment in American real estate or taking over an American corporation. I see that as healthy—but only if Americans have the same opportunities to invest with full rights in Japan. What makes this problem so tough to deal with is that the most powerful impediments are not legal restrictions but silent barriers produced by nationalistic custom and practice.

As the world's second largest economy, Japan wants to live by a double standard. It wants open markets in which to sell and invest, but it doesn't want to provide the openness at home on which stable global trading relationships must depend in the long run. In fact, after getting a glimpse of their financial structure, I don't buy all the rhetoric about how the Japanese are long-term thinkers. Their policy of exclusion is the shortest of short-term strategies. If Japan expects to go into the next century with a closed system, it's not going to work—especially when the rest of the world is headed in another direction.

I am convinced that Japan will never be a meaningful market for our products, and our $55 billion trade imbalance will not be reduced, until its financial markets—along with its whole approach to trade—are restructured. That's why I was delighted to read the week before last that, in deciding to list Japan as an "unfair trader" under Sec. 301 of the Trade Act, President Bush has also proposed undertaking wide-ranging talks with Japan aimed at altering "Structural impediments to trade." This means truly free markets where shares are not locked up to facilitate clubby economic relationships but are bought and sold freely based on an underlying system of risks and rewards.

We plan to do our part by pressing on until we receive full and equal treatment commensurate with Koito's Japanese shareholders. I am looking forward to attending Koito's annual shareholders meeting on June 29 with my interpreter to let me know what's going on. And, I expect that Bea will join me.

Mr. LAGOMARSINO. Mr. Chairman, I rise in opposition to the Senate Joint Resolution 113, the resolution before us today because I believe it is an inappropriate response to concerns about the FSX agreement. This measure seeks to sacrifice the constitutional authority given to the President to enter into and execute treaties with foreign governments for the important concerns many Members in this body have for the trade and national security issues included in the FSX agreement. However, I believe it is evident that, while these trade and national security issues are important, they are not worthy of being given greater priority than the integrity of the constitutional authority inherent in the President. While it may well be expedient to support this measure for political reasons, it is not in the interests of our constitutional system to enact the intrusions into executive privileges this measure would establish.

Congress has the authority under the Constitution to approve or disapprove of such measures as the FSX agreement, but this resolution goes far beyond the authority of Congress into micromanagement. We were given the opportunity to disapprove of the FSX agreement and did not. We in Congress are very outspoken, and rightly so, about the respect the executive branch owes to the legislative branch. In fact, much has been said about this issue recently by Members in this body. Yet, while we expect the President to respect our authority under the Constitution, we seem to ignore that the President has the right to the same respect as well. There has been much talk about bipartisanship and cooperation between the two branches of government. This resolution, if passed, would not further the stated goals of continued cooperation between the President and Congress. Is that the goal of my colleagues? If so, it can work both ways and the country will suffer for our unwillingness to act appropriately.

Not only does this resolution depart from the constitutional restraints of the Congress and the President, but it also creates an unacceptable intrusion—micromanagement—by Congress into the internal matters of the executive branch. This resolution requires certain Departments to make periodic evaluations of the FSX agreement, submit evaluations to the President and demands that the President listen to those Departments. The President should at least have the freedom to listen to and seek advise from whom he wishes in the branch of government he was elected to lead. We have no more business telling the President how to do his job than he has telling us how to do ours.

This resolution is clearly an attempt to reopen, and eventually place the FSX agreement at risk of being abandoned. This agreement has already been subject to an enormous amount of congressional scrutiny. Congress demanded that President Bush renegotiate a number of aspects of this agreement. The President did so and secured clarifications sought by Congress regarding technology transfer issues, coproduction and development issues, and access to future technologies developed under this joint United States-Japan venture. In fact, Japan conceded on every point that Congress asked the administration to seek clarification and gave us everything we asked for. Now, we seem to want even more. After having approved this agreement, and resolved the outstanding questions which Congress expressed to the President in a number of letters, many Members are still fighting this agreement. This resolution seems to indicate Congress not only wants to negotiate this agreement, it also wants to execute it. Again, I would like to reemphasize the fact that we had our chance to disapprove of this agreement and did not.

Another troubling aspect of this resolution is the implications it would have for United States-Japanese relations. While there are many areas of legitimate contention between the United States and Japan, it is not in our interests to cripple our relationship with the

Japanese. Our security arrangement with Japan is the most important security relationship we have in Asia. This resolution, by intruding into the prerogatives and authority of the President, tells the Japanese that they may be subject to the renegotiation of numerous aspects of this agreement where an agreement already exists. While it is very important for us to assert ourselves when appropriate in our relationship with the Japanese, the reality of our security relationship is that the Japanese could just as easily seek security assistance from other nations without the uncertainty involved in congressional micromanagement.

I urge my colleagues who support the FSX agreement to vote against this resolution because it places the agreement at risk. Furthermore, I strongly urge those who opposed this agreement to oppose this resolution on the grounds that it is a poorly conceived measure which usurps the constitutional authority of the President. Regardless of one's views about the FSX agreement, this is not an appropriate vehicle to address concerns about the agreement. Rather, this resolution is the continuation of a trend toward greater congressional usurpation of the clear authority of the President regarding treaty making and the execution of foreign policy. It should be opposed by those of us who wish to preserve a genuine balance of power in our Government rather than a government dominated by either the President or Congress.

Mr. MILLER of Washington. Mr. Chairman, I rise today to support the FSX agreement. In the changing world today there has been a recognition that our allies must play a greater part in defending their national security. In fact, there were provisions in last year's Defense authorization bill which encouraged burdensharing. With our budget deficit, and with the increasing economic ability of our allies to spend more on their own defense, burdensharing is clearly an idea whose time has come. The FSX agreement is consistent with this. In fact, the United States has F-16 coproduction with six of our NATO allies, and four other nations—Korea, Israel, Singapore, and Indonesia. And we have had coproduction agreements with Japan before.

So debate on the FSX agreement, in light of the good idea of burdensharing and since there is precedent for such agreements, is not on the question of whether it is good for the alliance; clearly it is. The question is whether an exception to our policy of burdensharing and cooperation should be made in the case of Japan. There are two arguments which could be made for such an exception. But under close examination these two arguments do not hold up.

The first argument: Japan will gain a significant advantage from the agreement and overtake the United States in the commercial aviation industry where we clearly now have the lead. As a member of the Foreign Affairs Committee, I have been privileged to hear testimony from dozens of experts on this subject. Engineers and executives from General Dynamics, Boeing, and Lockheed all testified that any spinoffs from the FSX agreement would have virtually no applications to development of our commercial aerospace industry. The differences between fighter aircraft and commercial aircraft are just too great. To the extent that Japan may gain some advantages from codevelopment, Japan would gain more valuable experience by developing the FSX on its own.

As we consider this agreement, it's important to remember how we arrived at this point. Originally, the Japanese announced their intention to build the FSX fighter completely on their own. However, our Government approached the Japanese and requested that they codevelop the fighter with us rather than go it alone. In response to our request, the Japanese scrapped their original plans and agreed to codevelopment. They had originally planned on building a fighter aircraft on their own because they would gain more valuable experience that way. Once again, aerospace engineers from Boeing, McDonnell Douglas, and General Dynamics all concur with this. United States aerospace industrial leaders have a long history in working with the Japanese without giving up critical technology. The Boeing Co. is having one of its most profitable years ever, and is working with the Japanese. In fact, Boeing has been doing so since the early 1970's. On today's Boeing 767, the cargo doors and fuselage sections are all made in Japan. And should the market for smaller airliners improve, Boeing has plans to codevelop and produce a 150-seat airliner with the Japanese, the 7J7. If the Japanese have plans to develop a civilian industry, surely this experience is a thousand times more valuable than any spinoffs that might come from the FSX fighter.

U.S. aerospace companies are not newcomers to the business of protecting sensitive technology. General Dynamics and McDonnell Douglas may cooperate and share information on one contract while at the same time competing fiercely for another. This résumé of experience in safeguarding technology in both domestic and international programs makes the aerospace industry a leader in the field of protecting sensitive technology.

The second argument for making Japan and the FSX agreement an exception to our longstanding policy of cooperation and burdensharing is because of the enormous trade deficit we have with Japan. In other words, the argument goes, it would reduce the trade deficit more if Japan bought our F-16's off the shelf rather than to coproduce or codevelop the FSX. However, as was made clear in hearings in the Foreign Affairs Committee, the numbers add up in favor of the FSX, not the F-16. If Japan purchases 130 F-16 fighter planes, which have been estimated to cost off the shelf between $18 to $20 million each, the United States trade deficit would be reduced by $2.61 billion. But, if Japan orders 130 of the more expensive FSX, and the United States receives 40 percent of development and production, the United States will receive $2.7 billion. In addition, we must remember that if we renege on the FSX agreement, Japan is not going to buy F-16's. They will either develop a fighter on their own or with our European allies, so we would not get the $2.61 billion. We must remember that 40 percent of something is better than 100 percent of nothing.

Mr. Chairman, there is much animosity against Japan on a whole host of issues from unfair trade practices to illegal fishing. However, we must not let our resentment of Japan on these issues induce us to turn down a deal which is to our benefit. This would be cutting off our nose to spite our face.

Perhaps this deal is not good for Japan. It is cheaper for them to buy F-16's off the shelf, and it would be more beneficial for them, from a commerical aviation perspective, to start from scratch and build their own fighter. But I know this is a good deal for the United States and for the alliance, and we should support the FSX agreement.

Mr. FRENZEL. Mr. Chairman, I, too, am nervous about any agreement which provides other countries technology transfers in areas where we are predominant. But I am also realistic enough to know that we are no longer the only Nation which has premier technology to transfer, and technology transfer has always been an integral part of coproduction agreements.

I do not believe the claims that transfer of this technology to the Japanese will have a major impact on Japan's plans to develop an aerospace industry, nor has our industry opposed the agreement. If Japan wants to develop an aerospace industry on its own, it will do so whether U.S. technology is transferred or not.

I am pleased that we were able to obtain 40 percent of this project, as it will provide jobs for many Americans, and it will have some affect on the bilateral trade balance. I am also pleased that the Japanese will be transferring technologies to us which will enable us to update some of our own military aircraft.

It is also encouraging that Japan has agreed to shoulder an increased defense burden in the Pacific Basin which should please some if its critics who desire more defense spending by Japan.

The coproduction agreement is not perfect. It is not popular in Japan either. Perhaps that is the true mark of a good compromise. I urge my colleagues to support the agreement by opposing this bill including all the amendments thereto.

Rather than attempt to improve the Byrd amendment, we should defeat Senate Joint Resolution 113 and the Solomon and Bruce amendments thereto. If any version of the resolution passes, it will send a strong signal to the world that we oppose the agreement, even though the Senate did defeat the original resolution of disapproval. This is a back door effort to disapprove the agreement that could result in a reopening of the agreement, which could risk what we have already gained.

Mr. Chairman, there were some uncertainties about the agreement initiated in November 1988. As mentioned above, members of the Bush Cabinet as well as Members of Congress asked that the President take another look at the agreement. Although the Japanese bitterly complained, modifications were subsequently accepted to satisfy United States concerns regarding technology transfer and percentage of the development and production stages performed by the United States. Senate Joint Resolution 113 could place us back at square one. With a potential renegotiation before us, we run a serious risk that Japan will seek to do what it has wanted to

do for sometime—produce the FSX on its own—or perhaps seek a partnership with another country. After the administration's announcement of last week that Japan is to be designated a super 301 unfair trading partner, it may not take much to scrap the whole agreement.

The question here is not whether the agreement is perfect, or whether it is every Member's heart's desire. The question is whether it is the best agreement we can negotiate. In the best of all worlds, obviously we would like to have had the opportunity to sell off-the-shelf F-15's or F-16's to the Japanese. It makes a lot of sense. There would have been a huge savings to the Japanese, and the planes would have been available far sooner. However, not every country thinks as we do.

Japan wanted to build the plane itself even if it took years longer and billions more yen. Japan has long stated its desire to develop its own aerospace industry. Japan already buys our F-15's and P-SC's as well as commercial aircraft. It wanted this fighter plane to develop on its own, since it had produced the predecessor, the F-1. It is hard to fault any country which seeks to use its own resources to develop such a sizable defense project, even if another country might have a comparative advantage. We do that, especially with our extensive Buy American laws.

Since the United States believed it could fill Japan's need, we were right to pursue the sale of our F-16's. But, negotiators realized fairly early on, that, Japan would not buy our F-16's. Considering how easy it would have been to get nothing out of the deal, I thought we were lucky to get a pretty good coproduction agreement which provides us some important technology transfer to improve our own fighter aircraft and 40 percent of the project.

The CHAIRMAN. All time has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute now printed in the reported joint resolution shall be considered as an original joint resolution for the purpose of amendment and shall be considered as having been read.

The text of the committee amendment in the nature of a substitute is as follows:

S.J. RES. 113

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CODEVELOPMENT OF FSX.

(a) REQUIREMENTS CONCERNING 3RD COUNTRY TRANSFERS.—The Congress finds that—

(1) the regulations governing the FSX codevelopment agreement, and other manufacturing license agreements and technical assistance agreements, require that any such agreement include the following provision: "The technical data or defense service exported from the United States in furtherance of this agreement and any defense article which may be produced or manufactured from such technical data or defense service may not be transferred to a person in a third country or to a national of a third country except as specifically authorized in this agreement unless the prior written approval of the Department of State has been obtained.";

(2) the FSX codevelopment agreement includes such a provision; and

(3) section 3(d)(3) of the Arms Export Control Act provides for a 30-day congressional review period for any proposal for United States Government consent to any third country transfer of defense articles or defense services (including technical data) made available under a manufacturing license agreement or technical assistance agreement if the original acquisition cost of the articles or services was $50,000,000 or more.

(b) INELIGIBILITY.—For purposes of section 3(c) of the Arms Export Control Act, any defense articles or defense services (including technical data) made available to Japan pursuant to the FSX codevelopment agreement shall be deemed to have been furnished under that Act.

SEC. 2. COPRODUCTION OF THE FSX.

(a) MEMORANDUM OF UNDERSTANDING.—It is the sense of the Congress that, if the United States and Japan seek to coproduce the FSX weapon system, the President, in negotiating the coproduction memorandum of understanding with the Government of Japan, should endeavor to secure provisions in that memorandum of understanding that would—

(1) prohibit the transfer to Japan of critical engine technologies (including, but not limited to, hot section and digital fuel control technologies); and

(2) provide a United States share of the total production value of the coproduction of not less than 40 percent, including the value of manufacturing spare parts and other support items which would be part of the lifetime maintenance costs of the FSX weapons system.

(b) THIRD COUNTRY TRANSFERS OF CODEVELOPED AND COPRODUCED TECHNICAL DATA, OTHER DEFENSE SERVICES, AND DEFENSE ARTICLES.—

(1) UNITED STATES CONSENT RIGHTS.—United States cooperation with Japan with respect to the FSX weapon system shall be conditioned on the requirement that no technical data, other defense service, or defense article (including the FSX weapon system itself) developed from any technical data, other defense service, or defense article provided by the United States in the course of that cooperation may be transferred to any third country or third country national without the prior written approval of the United States Government.

(2) CONGRESSIONAL REVIEW.—Section 3(d)(3) of the Arms Export Control Act shall apply with respect to any approval required under paragraph (1) for any proposed transfer of major defense equipment valued at $14,000,000 or more or of other defense articles or defense services (including technical data) valued at $50,000,000 or more.

(3) INELIGIBILITY.—For purposes of section 3(c) of the Arms Export Control Act, any technical data, other defense service, or defense article developed from the cooperation described in paragraph (1) shall be deemed to have been furnished under that Act.

SEC. 3. GAO REPORT.

(a) ANNUAL REPORTS.—Beginning 6 months after the date of enactment of this joint resolution and every 12 months thereafter, the Comptroller General of the United States, after consultation with appropriate officials of United States agencies represented on the Technical Steering Committee, shall submit to the Congress a report describing the progress made in implementing the FSX Codevelopment Memorandum of Understanding and related documents.

(b) INFORMATION TO BE INCLUDED IN REPORTS.—The reports required by this section shall state—

(1) whether any technical data involved in development of the FSX weapon system has been transferred to the Japanese or United States space shuttle program or any other part of the Japanese or United States aviation sector or aerospace technology;

(2) whether any such technical data has been diverted to any third party country unauthorized to receive such technical data, in violation of the FSX codevelopment agreement;

(3) whether any such technical data has been made available, legally or illegally, to adversaries who could use such technical data to the detriment of the North Atlantic Treaty Organization, the United States, any other member country of the North Atlantic Treaty Organization, Japan, Australia, or New Zealand; and

(4) the extent to which implementation of the FSX codevelopment agreement has had positive or negative economic effects for the United States aerospace industry or other sectors of United States industry, and how many jobs have been created in the United States aerospace industry or other sectors of United States industry as a result of the agreement.

(c) SUBMISSION OF REPORTS.—The reports required by this section shall be submitted to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations, the chairman of the Committee on Armed Services, the chairman of the Committee on Commerce, Science and Transportation, and the chairman of the Committee on Banking, Housing, and Urban Affairs of the Senate.

SEC. 4. IMPACT OF MOUs RELATING TO THE FSX WEAPON SYSTEM ON THE COMPETITIVE POSITION OF THE UNITED STATES.

(a) SOLICITATION OF RECOMMENDATIONS.—In—

(1) the implementation of the FSX Codevelopment Memorandum of Understanding and related agreements between the United States and Japan regarding the codevelopment of the FSX weapon system, and

(2) the negotiation, renegotiation, and implementation of any future memorandum of understanding or related agreement concerning coproduction of the FSX weapon system,

the Secretary of Defense shall regularly solicit and consider comments or recommendations from the Secretary of Commerce with respect to the commercial implications of such agreements and the potential impact on the international competitive position of United States industry.

(b) REVIEW BY SECRETARY OF COMMERCE.—

(1) REQUEST FOR REVIEW.—Whenever the Secretary of Commerce has reason to believe that any memorandum of understanding or related agreement described in subsection (a) has, or threatens to have, a significant adverse impact on the international competitive position of United States industry, the Secretary of Commerce may request a review of the agreement.

(2) RECOMMENDATIONS TO THE PRESIDENT.—If, as a result of such a review, the Secretary of Commerce determines that the strategic commercial interests of the United States are not being served, the Secretary of Commerce shall recommend to the President any modification to the agreement the Secretary deems necessary to ensure an appropriate balance of interests.

(c) CONSIDERATION OF RECOMMENDATIONS.—In determining whether a memorandum of understanding or related agreement described in subsection (a) will be implemented or agreed upon, the President shall consider the recommendations of the Secretary of Commerce concerning—

(1) the commercial implications of that memorandum of understanding or related agreement, and

(2) its potential impact on the international competitive position of United States industry.

(d) LIMITATION.—A memorandum of understanding or related agreement described in subsection (a) shall not be implemented or agreed upon if the President determines that such agreement is likely to have a significant adverse impact on United States industry that outweighs the benefits of implementing or entering into such agreement.

SEC. 5. DEFINITIONS.

As used in this joint resolution—

(1) the term "defense articles" has the same meaning given that term by paragraph (7) of section 47 of the Arms Export Control Act (without regard to whether the item is exported from or imported into the United States);

(2) the term "defense services", which includes technical data, has the same meaning given that term by paragraph (7) of section 47 of the Arms Export Control Act (without regard to whether the item is exported from or imported into the United States);

(3) the term "FSX codevelopment agreement" means the manufacturing license agreement with respect to which the President submitted a certification to the Congress pursuant to section 36(d) of the Arms Export Control Act on May 1, 1989 (transmittal number MC-9-89);

(4) the term "FSX Codevelopment Memorandum of Understanding" means the Memorandum of Understanding Between the United States Department of Defense and the Japan Defense Agency on Cooperation in the Development of the Support Fighter (FS-X) Weapon System, signed on November 29, 1988;

(5) the term "FSX weapon system" means the support fighter weapon system with respect to which the President submitted a certification to the Congress pursuant to section 36(d) of the Arms Export Control Act on May 1, 1989 (transmittal number MC-9-89); and

(6) the term "Technical Steering Committee" refers to the (FS-X) Technical Steering Committee established jointly by the Japan Defense Agency and the United States Department of Defense.

The CHAIRMAN. No amendments to said substitute are in order except the amendments printed in House Report 101-75. Said amendments shall be considered only in the order and manner specified and shall be considered as having been read. Debate time specified for each amendment shall be equally divided and controlled by the proponent of the amendment and a Member opposed thereto and shall not be subject to amendment.

If both of said amendments are agreed to, only the last amendment adopted shall be considered as finally adopted and reported back to the House.

If the amendment offered by the gentleman from Illinois [Mr. BRUCE] or his designee, is adopted, pursuant to House Resolution 165, the question shall not be put on the adoption of the Foreign Affairs Committee amendment in the nature of a substitute, as amended, and the question shall be deemed to have been disagreed to.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. SOLOMON

Mr. SOLOMON. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. SOLOMON: Strike out all after the resolving clause and insert in lieu thereof the following:

SECTION 1. SENSE OF CONGRESS CONCERNING CO-DEVELOPMENT OF THE FS-X AIRCRAFT BY THE UNITED STATES AND JAPAN.

(a) SENSE OF CONGRESS.—It is the sense of Congress that the United States Government should not give its approval under section 38 of the Arms Export Control Act to the commercial technical assistance and manufacturing licensing agreement involving the export of technical information relating to the design, development, and production of a Model FS-X aircraft in Japan.

(b) DESCRIPTION OF AGREEMENT.—The agreement referred to in subsection (a) is the agreement which is the subject of the proposed approval described in the President's certification submitted to Congress pursuant to section 36(d) of the Arms Export Control Act on May 1, 1989 (transmittal number MC-9-89).

The CHAIRMAN. Pursuant to the rule, the gentleman from New York [Mr. SOLOMON] will be recognized for 30 minutes and a Member opposed will be recognized for 30 minutes.

The Chair recognizes the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, during the consideration of the rule, I discussed the procedural problem that necessitates my offering of this amendment. I need not repeat that discussion now, except to say that a strong vote in favor of my amendment will send a strong and necessary signal that Congress is serious about correcting those trade relationships which have become a one-way street.

Mr. Chairman, this amendment is simply sense-of-Congress language that the export of technical information relating to the design, development, and production of the FSX aircraft should be prohibited. The vote on this amendment will be the only opportunity Members of the House will have to express what they think, pro or con, about the FSX deal with Japan.

I am offering this amendment for two reasons.

First, I am convinced that the FSX deal is not in the best interests of our country. The central question is this: What is Japan's primary motive in seeking this particular arrangement? Is it national defense? Or is it commercial opportunity? I would suggest that the record is clear. If the Toshiba case of 2 years ago should teach us anything, it is an understanding of Japanese industrial priorities.

In this particular case, the paper trail goes back at least 9 years—Documentation that proves the Japanese Ministry of International trade and Industry has been organizing a concerted effort aimed at building a world-class aerospace industry by the turn of the century. And that's exactly where the FSX deal comes in.

Mr. Chairman, our Government doesn't even have a guarantee from the Japanese that we will be involved in the production phase of this project. That's how shaky this deal really is. Once we turn over sensitive technology during the development phase, we have absolutely no guarantee that Japan will not change the rules and proceed as it pleases.

Now, I know the argument has been made that Japan is going to develop a fighter aircraft on its own, regardless of what we do, so we should be happy for the scraps and crumbs that come our way. But this just underscores the point Japan's real motivation is commercial, not defense.

The FSX is meant to replace Japan's F-1 aircraft, which already represents a 30-year-old technology. The F-1 is already so obsolescent that the principal northern island in Japan, Hokkaido, is militarily vulnerable today—in 1989.

But the FSX project will not be completed for at least 10 years, and 15 years is more likely. If Japan is truly motivated by concerns for its national security, they could buy 130 F-16's off the shelf, take delivery by the mid-1990's at the latest, and spend one-third as much money as they are otherwise prepared to commit to the FSX project. The export value to the United States would be about the same either way.

But Japan knows it can count on Uncle Sam to keep the sea lanes open, to keep the oil flowing from the Persian Gulf—so why not take him for another free ride—which is exactly what they're doing.

The second reason I have, Mr. Chairman, for offering this amendment concerns the alternative language that is being proposed. There are any number of reasons Members could have for opposing both the amendment to be offered by the gentleman from Illinois and the committee resolution.

Both of these alternatives are replete with provisions that seek to micromanage the executive branch. The historic—and, may I say, the constitutional—precedents that should apply

in cases of this kind are very simple: The executive branch negotiates with foreign countries and then presents the fruits of those negotiations to Congress for approval or disapproval—period.

It is not the legitimate or constitutional function of Congress to manage the executive branch's responsibilities or to set preconditions for negotiations with other countries. But yet these alternatives would propose to do both.

Both of these alternatives also propose that the GAO—an arm of the Congress—assume CIA-like responsibilities to analyze the implementation of the congressional conditions imposed on the FSX deal, as well as the strategic implications involved.

Mr. Chairman, both of these alternatives are fraught with constitutional difficulties and will be vetoed. And so I appeal to Members that if you really do want to send a message to the executive branch—if you really do want to cast an unequivocal, unambiguous vote against the FSX deal with Japan—then vote for my amendment.

□ 1530

Mr. Chairman, I reserve the balance of my time.

Mr. SOLARZ. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from New York [Mr. SOLARZ] is recognized for 30 mintues.

Mr. SOLARZ. Mr. Chairman, I yield 7 minutes to my very good friend, the distinguished gentleman from the State of Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I want to commend the gentleman from New York [Mr. SOLARZ] for conducting in the subcommittee some very excellent hearings on this FSX. I also want to commend my colleague, the gentleman from Iowa [Mr. LEACH], the ranking member, for his participation, and to my colleague, the gentleman from New York [Mr. SOLOMON]. His amendment certainly poses the issue foursquare.

I speak in support of the FSX agreement and in opposition to the Solomon amendment. I do so as one who, last January, joined in sending a letter asking the administration to take another look at the FSX deal and to go out and do some hard negotiating, which I believe they did. I do so as one who went into the hearings with an open mind on the issue, but in the course of, I think, probably over 20 hours of hearings, I came to the conclusion that the FSX deal may be good for Japan, but more importantly, it is good for the United States.

Let us start out with what I think is an assumption which most of us in this House share, and that is that military burden sharing is a good idea, that by and large we like to enter into codevelopment-coproduction agreements with our allies. I say I think this is an assumption that most of us share, because we have certainly done a lot of that. We have these coproduction agreements with plenty of allies. We are now in a coproduction agreement with the British on the Harrier jet. They did most of the design work, in fact, I think they did all the design work, but we are coproducing it in the United States because we want to produce it. We have had coproduction agreements with Japan before.

In general, military burden sharing is good. We want the allies, and we urge our allies, to take up a greater share of defense and, indeed, in the North Pacific that is just as true as anywhere else, because while we have made progress in negotiations with the Soviets, the Soviets today in the North Pacific have just as strong a fleet as they ever have had. In fact, their naval presence in the last several years has increased. That is the assumption generally, that we want that military burden sharing.

What then is the opposition to this agreement? It comes, I think, based on two major arguments. The arguments go as follows: that because of the peculiar nature of our relationship with Japan we ought to make an exception to that general burden-sharing thesis, and one argument for making the exception is that the technology that Japan will gain in this arrangement will help Japan to overcome our lead in commercial civil aviation, endanger our supremacy in the civil commercial aviation industry.

The chairman, the gentleman from New York [Mr. SOLARZ] and myself, when we heard that argument, turned to each other and said, "We ought to hear from those who ought to know best about civil commercial aviation. Let us get representatives of our civil commercial aviation companies in to testify."

We did. Representatives of Boeing, McDonnell Douglas, Lockheed came, and for over 3 hours we grilled them. Their unanimous position was that this agreement will not jeopardize our commercial civil aviation lead.

Why? No. 1, because it was their unanimous opinion that there was very little significance in military technology as applied to commercial aviation, and they went into a lot of reasons relating to the differences in the kinds of planes that I will not get into here. They did not think Japan was going to get a significant commercial aviation advantage from this military aviation technology.

Beyond that, they made the point that if Japan wanted to get an advantage in commercial aviation, the way to do it would not be to enter into a coproduction, codesign agreement with the United States, but to do it on its own.

□ 1540

The second major argument against the agreement is let us make an exception to military burden sharing because of our trade deficit, that because there is a trade deficit with Japan, Japan ought to buy the planes off the shelf. But there is a problem with this argument which a lot of the previous speakers have ignored. The F-16 off the shelf is going to cost in the range of $18 million to $20 million. The plane we are going to codesign and codevelop is going to cost in the range of $50 million, and we are going to get 40 percent of that. We just do not do more for the trade balance by having them buy it off the shelf.

On top of that, they are not going to buy it off the shelf. If we turn this down, they are going to go off and develop the plane on their own.

Forty percent of something is better than 100 percent of nothing. So that is something for us to consider.

There is a lot of resentment in this Chamber about Japan, a lot of resentment over trading practices, fishing practices, and I share some of those resentments. But the fact that we have grievances against Japan in some areas should not lead us in another area to reject a deal that is good for the United States. That is the issue before us today. FSX may be good for Japan, but it certainly is good for the United States. We should defeat the Solomon amendment.

Mr. SOLOMON. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Massachusetts [Mr. MAVROULES], a member of the Armed Services Committee and chairman of its Subcommittee on Investigations, which has had extensive hearings on this subject.

Mr. MAVROULES. Mr. Chairman, I welcome the opportunity to join my colleagues in this discussion on the FSX fighter agreement with Japan. While this resolution (S.J. Res. 113) provides us with a chance to debate the issue, the choice has already been made. By a narrow margin, the other body has elected to allow the F-16/FSX transfer to occur.

Consequently, our opportunity is to only consider the language of the Byrd amendment, and a series of amendments that express the sense of this Congress.

While I will support the Solomon and Bruce amendments, my feeling remains that the FSX is a bad deal for the United States.

The Armed Services Investigations Subcommittee held two hearings on this proposal. We heard from a variety of witnesses, and frankly, I am disappointed that we are not here to vote this sale up or down.

This agreement for the transfer of F-16 technology has been flawed from the start. We have been down this road before, but we have not learned.

Under the FSX agreement, the Japanese will build upon the host of coproduction agreements they now have with the United States. Take one—the F-15—for example. According to the General Accounting Office, we were supposed to get a 45-percent work share. What we have ended up with is about 20 percent. The 40 percent work share on FSX production is a promise, not a guarantee. And what work does come to the United States, will go to the large prime contractor, and not the small vendors and businesses that are so critical, to the American industrial base.

The issue is more than the transfer of specific technologies—it is the transfer of productive capacity, the development of a trained labor force, and the ability to translate all that into market share at the expense of American workers.

Also of concern is the security of critical technologies. In our last hearing on the FSX, Richard Perle made a critically important point.

He said that the earlier Toshiba affair was a "* * * reflection of the attitude of the Japanese Government, which * * * was so lackadaisical in its approach to these matters, that Japanese companies had every reason to believe their government did not take the system of controls very seriously."

In this regard, there are other allegations that have surfaced in conjunction with the activities of Mitsubishi Heavy, one of the prime contractors on the Japanese side. It has been alleged, that Mitsubishi may have helped construct a facility in Libya, that has since been used to manufacture chemical weapons.

Many Members have been briefed on this matter. As a member of the Intelligence Committee, I spent considerable time attempting to review all of the available material. I can only say I have reviewed these materials from the intelligence community hoping to get a definitive answer on Mitsubishi's activities.

In my mind, the intelligence data on Mitsubishi and the other Japanese industrial activities in Libya, raises more questions than it answers.

While I cannot discuss the specifics of the classified material, let me quote from unclassified testimony. As Mr. Perle explained, he was "* * * puzzled that Japanese industrialists in Libya were not puzzled, that they were building a desalinization plant in the shadow of batteries of air defense missiles * * *"

Finally, there is the issue of trade.

The FSX alone is unlikely to make or break us. But it represents the frustration of dealing with persistent trade imbalances, that stem from Japan's single minded pursuit of world market share, while protecting their own.

The result is a growing loss of confidence in Japanese intentions, and in their ability to act as a responsible ally and a responsible financial superpower.

These trade imbalances are not in their interest any more than they are in ours. This is not solely a Japanese problem—much of this stems from our own neglect of what's happening to our competitive position. But we also need to send a message that allies work together—economic, military, and political—to solve their problems.

Legislation cannot alter the fact, that this agreement, was negotiated in a very narrow context from the beginning. That was a mistake.

Instead, this sale should be put on hold until better framework is established, so that our varied national interests are protected.

Mr. SOLOMON. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. SCHUMER].

Mr. SCHUMER. Mr. Chairman, first let me thank the gentleman from New York for graciously yielding this time. I do not agree with his position but rather support the other gentleman from upstate New York [Mr. SOLOMON] and hope that his resolution will pass.

Mr. Chairman, the FSX fighter is a deal that should have been blown out of the sky a long time ago. But the President has decided to acquiesce in the deal, and so we are left to tinker around the edges, to try and shore up the most egregious deficiencies in the deal. And many of my colleagues have quite properly raised concerns about the high technology transfer, the U.S. production share, and potential of undercutting our own commercial aerospace industry. I join in these concerns, but the issue cuts much deeper.

Mr. Chairman, I speak as a free trader. I speak as somebody who has opposed protectionist after protectionist amendment on textiles or the amendment of the gentleman from Missouri in the trade bill last year. But my colleagues, if Members believe in free trade and in comparative advantage, then this deal should be defeated, and that is because comparative advantage means quite simply when one country makes an excellent product, as we do, the F-16, the best fighter plane in the world, the least expensive fighter plane in the world, and another country does not make that product as well, they should purchase it from the country that excels.

□ 1550

We have a $55 billion trade deficit with the Japanese, and if the Japanese truly believed in free trade, as I do, and so many of us do in this Chamber, if they really wanted to reduce that deficit, here is a classic case where not private companies but the Government, the Japanese Government, could make its wishes clear and purchase the plane from the United States.

That would do several things. It would reduce the deficit that we have, our trade deficit, and furthermore, my colleagues, it would increase the strength of the world's economy because we would not have, in violation of classic economic doctrine, two countries for noneconomic reasons competing and building similar products.

But instead of buying the product outright, the Japanese have decided to reinvent the wheel at nearly three times what it would cost to buy the F-16 off the shelf.

My colleagues, the future of this country is far less geopolitical and far more economic, and I think we ought to learn a lesson: To allow those experts in the Defense Department and those expert diplomats in the State Department to negotiate these deals without any concern for economics, for the position of our balance of trade, for the position of the United States in the future, is a grave mistake and something we should never allow to happen again because economics is what motivates this world more and more.

Let me say again that we are in an economic battle to keep the world trading with each other, to each make the best products and let them prevail on the battlefields of free trade. The FSX deal flies in the face of that doctrine. It brings us very few advantages. It flies in the face of opening markets on both sides of the Pacific. It is unfortunate that this resolution is only a resolution, but it should pass; the Bruce amendment should pass and then we would have to let the chips fall where they may.

Mr. SOLOMON. Mr. Chairman, a few minutes ago Members heard from the chairman of the Subcommittee on Investigations, the gentleman from Massachusetts [Mr. MAVROULES].

Mr. Chairman, I now yield such time as he may consume to his counterpart, the gentleman from Kentucky [Mr. HOPKINS].

Mr. HOPKINS. I thank the gentleman very much.

Mr. Chairman, if I may, I thank the gentleman from New York, my colleague, for offering this very timely amendment. It gives us the only choice that we are going to have here today for voting for or against the FSX.

When the FSX first came before our Subcommittee on Investigations, I went in there clearly with an open mind just to determine what is in the best interests of the United States.

I sat through hearings, I sat through the classified briefings, and I must tell

you that I have concluded that this situation is not in the best interests of this country.

If the Japanese wanted to buy F-16's which would do the job that they say they need the FSX to do, obviously they have the money to do so.

The fact of the matter is that we have been out-negotiated by the Japanese through our State Department and our Defense Department. They have outdone both of those departments, in my view.

I would just have to say to you that it has taken us many years and billions of dollars to advance to the place where we could design and construct the F-16.

The FSX deal is going to give it all to Japan for a tiny fraction of this cost.

The chairman of the Subcommittee on Investigations mentioned Mitsubishi. I sat in on the briefings on that. That is subject to interpretation as to whether or not there is a connection between the prime contractor for the FSX, Mitsubishi, and the chemical plant in Libya.

I have come to the conclusion, frankly, that there was a connection between the two. And I have to tell you, Mr. Chairman, in my view this contract is selling our children's defense security for just a few fast dollars in this country.

So let me again thank my counterpart for his statement and associate with his remarks and thank the gentleman from New York [Mr. SOLOMON] for offering his amendment.

Mr. SOLARZ. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina. [Mr. VALENTINE] for the purpose of a colloquy.

Mr. VALENTINE. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise to engage in a colloquy with the gentleman from New York [Mr. SOLARZ] on the issue of coproduction. In particular I am concerned with advanced composite materials, a focus of recent hearings by the Committee on Science, Space, and Technology. Contrary to assertions by the administration, witnesses to these hearings stated that the United States is well ahead of the Japanese in using advanced composites in aircraft applications.

Mr. Chairman, it is bad enough that we are now entering into an agreement that will benefit the Japanese technologically more than the United States. However, recently it has come to my attention that the situation is, perhaps, even worse than we had originally thought. Apparently Mitsubishi Heavy Industries, Inc. as the principal Japanese FSX contractor, has decided, a priori, to allow for only Japanese suppliers of these advanced composite materials. Thus companies in the United States, such as BASF and Hercules Aerospace Co., recognized as world leaders in supplying these advanced materials, will be precluded from participating in any open competition to supply materials for the FSX.

Mr. Chairman, I had hoped to resolve this situation by offering an amendment to provide for fair and open, international competition for the supply of advanced composite materials. Unfortunately, the rule does not make such an amendment in order. However, perhaps, the author of the committee's original resolution could clarify the intent of the committee as it might pertain to the question of these advanced materials. In both the original Senate version of the resolution and in the committee's amended version, it is indicated that the sense of Congress regarding coproduction would provide a U.S. share of not less than 40 percent, including the value of manufacturing spare parts and other support items. * * * It is further stated in other parts of the resolutions that the Secretary of Commerce shall review any future agreements with the view to avoiding a significant adverse impact on the international competitive position of U.S. industry.

In view of these positions, is it fair to assume that the committee intended that U.S. industry be given a fair chance to compete in all aspects of the production of the FSX, including the supply of advanced composite materials?

Mr. SOLARZ. Mr. Chairman, if the gentleman will yield, I would be happy to respond to the questions by the gentleman from North Carolina. The issue he raises is an important one that deserves clarification. Certainly, a major concern of the committee was to ensure that U.S. industry would be given a fair chance to compete in all aspects of the production of the FSX, including supplying of advanced composite materials.

Mr. VALENTINE. Would it not be further reasonable to assume that the determination of the supply of these raw materials should be based on a fair and open international competition, allowing for United States as well as Japanese participation in the phase of the production of the FSX?

Mr. SOLARZ. I certainly agree that it is the sense of Congress that the supply of advanced composite materials should be based on a fair and open international competition to select the best materials for the FSX.

Mr. VALENTINE. Mr. Chairman, I appreciate the gentleman's clarification of these questions.

□ 1660

Mr. SOLOMON. Mr. Chairman, I yield 3 minutes to a distinguished member of the Committee on Foreign Affairs, the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise to express support of the Solomon amendment and my opposition to the proposed sale of the Fighter Support Experimental [FSX] jet aircraft to Japan, and I commend the gentleman from New York [Mr. SOLOMON] for this amendment. It is with some reservation that I oppose the administration on so vital an issue of foreign policy; however, after careful scrutiny of this proposed transaction and the completion of a thorough review and evaluation in our own Committee on Foreign Affairs, I am compelled to conclude that the FSX deal is not in the best interests of our Nation and not in the best interest of our Japanese allies.

The FSX agreement ostensibly is the product of efforts to convince Japan to assume greater responsibility for the burden of defending United States interests and the interests of United States' allies in the North Pacific. While we recognize the worthy intent of President Bush and the Department of Defense in promoting defense burdensharing, it is still not possible to evaluate the FSX transaction apart from the terms of the transaction itself. No matter how well intentioned, a bad deal is simply a bad deal.

On the face of it, when examined on its merits, it is evident that the current proposal should be rejected and our negotiators should be sent back to the drawing board.

Production of a new Japanese jet fighter—even coproduction with the United States—is a misguided effort in attempting to enhance burdensharing. Despite the unique defense requirements which Japan faces in the North Pacific, an off-the-shelf purchase of the General Dynamics F-16 would provide our allies with a readily available, reliable, and suitable aircraft, fully compatible with U.S. air defense forces, at a price which is significantly less costly than the proposed FSX.

Mr. Chairman, it is my firm belief that the benefits of the FSX deal are more perceived than actual. Proponents of the transaction cite jobs and the preservation of defense markets in Japan. It is hard to imagine, however, how the transfer of technology to Japan will do anything to preserve United States jobs when it probably will encourage Japan to develop a competitive, indigenous aerospace industry. Moreover, it is hard to imagine the existence of open defense markets given Japan's trade record in virtually every other industrial sector in which they have a significant domestic stake.

Finally, Mr. Chairman, it is not obvious why we should grant sensitive United States technology to Japanese

firms which cannot guarantee the appropriate use of that knowledge. In addition, the allegation that Mitsubishi Heavy Industries has been cooperating with the Lybian Government in developing a chemical weapons capability is certainly very disturbing. Our past experience with illegal technology transfers from Japan should give further cause for concern.

Unfortunately, due to the previous legislative action in the other body, we cannot delete the proposed sale of the FSX altogether. However, I urge my colleagues to take advantage of this opportunity to express their opposition to the proposed FSX transaction, by supporting the Solomon amendment that voices disapproval of the FSX proposal.

Mr. SOLARZ. Mr. Chairman, I yield 3 minutes to my very good friend, the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. Mr. Chairman, I thank the gentleman for yielding to me.

I witnessed the presentation by my friend, the gentleman from New York [Mr. SCHUMER] when he talked about the doctrine of comparative advantage. I remembered then that I had both studied and read economics when I was in college. I also taught economics in college, and have gone on, nonetheless, to lead a productive life. I had forgotten most doctrines until I heard the gentleman from New York [Mr. SCHUMER] repeat it.

He is absolutely right. The doctrine of comparative economic advantage suggests that in this instance we not make a deal with Japan on the FSX. Now this country is under attack. It has been clear for a decade we have been under attack. It is an economic attack. The question is, what do we do when we are under attack? We build better products. We expect to be able to sell those better products around the world where there is demand. Part of that demand comes from what is called by some on this floor a partnership between this country and our allies, who do business with each other.

I have this question: If we are involved in a partnership with Japan, where is the fair deal for this partner? We buy 3.4 million cars and trucks from Japan because they build pretty good products. They want to buy a jet fighter plane. We build the best in the world. Do they then come to this country and say, You build the best jet fighters, so we will buy from you? No, they say in that instance, We would simply like to get your technology and take it back to Japan and provide the jobs in Japan. That makes no sense.

What makes sense, it seems to me, is to ask the Japanese to treat Americans as we treat them. If we make jet fighter planes that are the best in the world, and they want jet fighter planes, we say to the Japanese, God bless you, come over here and buy them, because we sure buy plenty of your products. When you come, bring some money, because we want you to pay for it, as well. That is what we ought to be negotiating with our partners. Partnership runs both ways. A deal with partners is a deal that is fair to both sides.

Unfortunately, as I mentioned before, this reputation of being shrewd Yankee traders has been shredded in the last decade. We are not very shrewd at all. We just say to all these folks, "You can come over here and take what you want from us." It does not make any sense. The way to strengthen this country's economic future, and the way to defend ourselves against economic attack is to build the finest products and be expected to be able to sell them to those that have a need around the world.

Mr. KOSTMAYER. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I yield to the gentleman from Pennsylvania.

Mr. KOSTMAYER. I thank the gentleman for yielding.

I wonder if my friend from North Dakota could answer a question. If this deal does not go through, it will go through, but were it not and the Japanese were to go to the European consortium that is building the Toronado plane, and get the same technology from the Europeans, and then give the Europeans 40 percent of the work, so the Japanese have the technology, the Europeans have the work, we have nothing if the FSX deal is defeated. Can the gentleman from North Dakota tell me how that would be in the interest of the United States? My question is: How is it in the interest of the United States for the Japanese to get the technology from the Europeans, and they will get it from them.

Mr. DORGAN of North Dakota. First of all, there is not a comparable aircraft. Ours are the finest in the world. Second, in my hometown we expect, when we do business with a person down the street, we expect that they do business with us.

Mr. SOLOMON. Mr. Chairman, I yield such time as she may consume to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Chairman, I rise in support of the Solomon amendment, and strong support of the gentleman's statements on the prerogatives of Congress with respect to oversight on the agreements, commercial and technology transfers. There is no substantiation at all that this is an infringement on the prerogtives of the executive department.

Mr. Chairman, I rise in support of the Solomon amendment in opposition to the FSX jet fighter agreement. I am also going to support the Bruce amendment when we consider that shortly.

I deplore the fact that the Senate has voted to approve the FSX jet fighter program even with the restrictions included in the Byrd amendment. I believe that this is still the wrong decision and represents bad policy. The original memorandum of understanding was faulty and totally unnecessary. The revised MOU provides little consolation.

Make no mistake about this so-called codevelopment/coproduction agreement. This is an outright technology transfer of major proportions which will have profound economic and technological consequences for this Nation. The end result of this can only be a Japanese commercial and defense aircraft industry which will rival our own and threaten American jobs.

A foreign policy which reinforces United States-Japanese relations is important. But not at the expense of our advanced technology, our industrial base, and certainly not driven by the internal political demands of Japan.

The Solomon amendment rejects outright this jet fighter proposal. I support this amendment and urge the House to send the strongest possible message to the administration that we oppose this ill-conceived agreement. I believe the Japanese should be required to purchase United States jet aircraft which are already in our own inventory. The F-15, F-16, and even the F-18 are the best fighters in the world, and Japan should have no problem fulfilling its defense role in Asia with these fine aircraft in their inventory.

Because the FSX will not be any more advanced than the current inventory, we can only assume that the Japanese see more to this program than just the joint production of an airplane. They obviously see this as an opportunity to learn as much as possible about systems integration and advanced technology.

These potential lessons will be applied to an indigenous Japanese aerospace industry, make no mistake about it.

The Bruce amendment, like the Byrd initiative adopted in the other body, would prohibit the transfer of sensitive aircraft technology to Japan. It would also prevent the Japanese from transferring any part of the FSX to third country parties. These are important safeguards which must be adopted if we are going to make sure U.S. technology is protected. Recently, we have seen cases involving Toshiba in Libya and Mitsubishi in the Soviet Union, where our technology has illegally been transfered to the ultimate detriment of the United States. This cannot be allowed to continue. We must have these safeguards.

The Foreign Affairs Committee resolution does not go far enough in providing appropriate safeguards. If the FSX agreement is going to proceed, the minimum we in the Congress can do is to impose tough measures which will protect our own industries from future unfair competition. Only the Bruce amendment can do that.

Some have tried to make the point that this amendment unduly intrudes into the perogatives of the executive branch and that such an amendment interjects the Congress into the business of negotiating technology transfers.

Well I do not subscribe to that theory. However, if this or any future administration is going to enter into agreements which transfers advanced U.S. technology or fails to protect U.S. interests, then maybe the Congress should interject itself more often.

The Congress is an equal partner in matters pertaining to foreign, defense, and trade policy. Our committee structure and the activities of the House floor in reviewing these matters is already exercised by the Congress. Provisions such as those in the Bruce amendment do not denegrate the role of the executive branch in making policy. If it is bad policy, the Congress must act. We are taking on this responsibility in this FSX case by considering the Bruce amendment.

I urge my colleagues to support the Solomon amendment to express unalterable opposition to this ill-advised technology transfer. I also urge my colleagues to support the Bruce amendment which would put the Congress on record as demanding certain safeguards for American technology.

Mr. SOLOMON. Mr. Chairman, I yield such time as he may consume to a very distinguished member of the Committee on Foreign Affairs, the gentleman from California [Mr. DYMALLY].

Mr. DYMALLY. Mr. Chairman, I want to thank the gentleman from New York [Mr. SOLOMON] for bringing this amendment to the floor to those Members who have some concerns about this particular issue with the Japanese Government, and their corporations may have an opportunity to express our concerns.

Let me say this: Some people have suggested that those Members who oppose deal are indulging in Japan-bashing. I want to establish my credentials. No Member of this Congress has risked his political mileage on the most controversial issue in the world as I have, in support of the Japanese. That is the integrity of their membership on the International Whaling Conference. In addition, I represent more Japanese-Americans than any Member in this Congress except for the Members of Hawaii. It is silly for me to indulge in Japanese bashing.

However, let me say this to Members. The time has come first, to say to the Japanese, enough is enough. We in this Congress have spent many hours crafting and passing legislation for affirmative action in this country. Yet we have the Japanese here as our corporate neighbors, not being the laws of this land, developing plants in the farthest outreach of the countryside away from the urban side, hiding their plants in urban areas, discriminating against blacks, refusing to meet and confer with the business community in black America, not being good corporate friends at all.

□ 1610

It seems to me that this bill of this measure provides us an opportunity to speak out loud and clear to the Japanese that this Congress will not tolerate them violating the affirmative action laws of this land. There has not been a case against a Japanese corporation by an employee charging discrimination that they have won. Every major corporation against whom a case has been filed has lost that case on discrimination, and I think the time has come for us to speak up.

Mr. Chairman, this deal can fly without the Japanese. We can do without their cooperation.

Mr. SOLARZ. Mr. Chairman, may I inquire, how much time do we have remaining?

The CHAIRMAN pro tempore (Mr. FLIPPO). The gentleman from New York [Mr. SOLARZ] has 12½ minutes remaining.

Mr. SOLARZ. Mr. Chairman, I yield 3 minutes to my very good friend, the gentleman from New York [Mr. BOEHLERT], who is also from upstate New York.

Mr. BOEHLERT. Mr. Chairman, Charles DeGaulle was fond of saying nations have no friends, only interests. We ought to examine the FSX deal rationally, calmly, with a bit of DeGaulle's savvy. We ought not to behave like a bull in the ring, charging mindlessly every time we see the Japanese flag waved before us.

As vice chairman of the Science, Research and Technology Subcommittee, I'm concerned about technology transfer and our Nation's competitiveness. I have listened to Defense Secretary Cheney, who is charged with defending our interests in the Pacific, as well as our defense industrial base. I have listened to the tough negotiators from Commerce and USTR who fight on the front lines for fair trade with the Japanese. After hearing all sides, I find our interests to lie in going ahead with the FSX deal.

The issue for us is not whether it would be nice if the Japanese bought F-16's. No amount of United States pressure will force the Japanese to buy F-16's, nor to settle for aging technology. Nor is there any question that the Japanese have targeted aerospace as a growth industry. They have already shown the ability and the will to proceed alone if America proves to be an unwilling partner.

The real question is what's best for our workers, our industry, our national defense. On this question, there is little doubt that barriers to cooperation in technology are just as shortsighted as barriers to the free flow of goods and ideas.

A close look at the codevelopment agreement shows that we are protecting our most sensitive engine and software technologies. We are sharing items that do not represent state-of-the-art technology. We have set a new standard for access to cutting-edge Japanese technologies which could improve our competitiveness and defense capabilities in the 21st century.

Pushing the Japanese toward independent FSX development will leave American firms and workers in the cold. The agreement gives the United States 40 percent of development and production work, or about $2.5 billion for American firms, and thousands of good jobs for American people.

Mr. Chairman, the best long-term path to prosperity is not taking whacks at the ability of others or taking the ball and refusing to play. We need to pour more investment into our engineers, workers, and productive capacity, and learn how to profit from joint ventures.

I concur with my colleagues when they put the Japanese on notice that this deal sets the tone for the broader United States-Japan relationship in the 1990's. If the deal is enforced and if we in America do what is necessary to stay competitive, then the FSX will strengthen our economic and military security, and I urge its approval.

Mr. SOLOMON. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Alabama [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I share the concerns of many of my colleagues over the administration's announced agreement with Japan for development and coproduction of the so-called FSX fighter aircraft. We all recognize the military need for Japan to take a larger role in providing for air defense in the northern Pacific, and the need for replacement of Japan's F-1 fighter. But Mr. Chairman, agreeing on the need doesn't mean that we have to agree on the administration's proposed solution. For that reason I am also disappointed by the vote of approval in the other body.

The administration's solution does not meet present military needs. Even if the FSX as an aircraft were the best plane available, and clearly it is not, it will not be available until the mid-to-late 1990's. The development from scratch of this new aircraft does nothing to address the air defense needs of today's Japan. According to reports, the plans for this FSX aircraft show it best suited for the close air support role rather than serving as an air defense or air superiority fighter. When facing the large array of modern aircraft the Soviet Union has stationed in northeast Asia, you would expect Japan to be concerned with obtaining an aircraft specifically designed to defeat that threat today.

Mr. Chairman, there are other airplanes now available to Japan, which are superior to the proposed FSX. The McDonnell Douglas F-18 is a fighter aircraft widely used by the United

States, its NATO allies, and other countries throughout the world. This twin engine aircraft offers a measure of safety for its pilots not found in single-engine aircraft, and this is especially important given that these planes will operate over open ocean for much of the time. Japan itself already operates the McDonnell Douglas F-15 air superiority fighter, and additional procurement of this aircraft would certainly meet Japan's air defense needs. The F-16 is a relatively inexpensive fighter aircraft which is available for immediate purchase. For years the Japanese have denied their purchasing policies and economic markets were closed to the United States' goods and services. They have said repeatedly, "When you make a better product at a lower price, we will buy it." Well we have a variety of such aircraft on the shelf, and Japan still refuses to buy from us. In sum, Mr. Chairman, the FSX is not the best plane at the lowest cost, and available at the earliest date.

Those who support this agreement criticize opponents as protectionist. However, Mr. Chairman, they cannot explain how that basic tenet of free trade, selection of the best product at the lowest price for earliest delivery, regardless of source of origin, has been totally rejected by Japan in this case. The burden is on those who support this agreement to convince the Congress and the American people that the FSX is not just another example of Japan's strategic approach to export economics. Is Japan's real concern its own legitimate military security needs? Or, is it seeking new technology so as to enter the commercial aircraft production market using technology it has taken us years of research and billions of dollars to develop?

Mr. Chairman, I oppose this agreement and will vote against it because it is a bum deal and it clearly is not in the best interests of the United States.

Mr. SOLARZ. Mr. Chairman, I yield 3 minutes to the extraordinarily able chairman of the Committee on Foreign Affairs, the gentleman from Florida [Mr. FASCELL].

Mr. FASCELL. Mr. Chairman, I want to thank the gentleman for yielding this time to me, and I want to express my appreciation to him for the work he has done on this matter. It has been an interesting issue and a sensitive and emotional issue, but I rise in strong support of the committee bill, which is the Solarz language, and against the Solomon amendment and also against the Bruce amendment.

I confine my remarks primarily, however, to the pending amendment, which expresses the sense of Congress that we should not do anything about the FSX deal and that it ought to be canceled. Maybe this is an easy vote, an anti-Japanese vote, an antideal vote. But it ignores the best interests and brains of two administrations which have reviewed this transaction and think it is in the best interest of the United States to consummate it. However, in reviewing the facts, all of us have a right to express an opinion and take a position on the same facts. It seems to me rather paradoxical, however, that the leaders of the opposition here would just simply disregard the review undertaken by two administrations at a very high level which do think it is in the best interest of the United States, and, therefore, I respectfully disagree with their own analysis of what the situation is.

The amendment that pends before us does not change anything at all. It may give Members an opportunity to cast an anti-Japan vote, but it does not do anything because it only expresses the sense of Congress, and, therefore, what it really does is, it not only throws mud in the eye of the opposition, but it just simply roils up the waters for no apparent reason except to stir up the waters of the United States.

Who in this Chamber believes that the Japanese will not build an airplane if this deal does not go through? Who in this Chamber believes that Americans will quit buying Japanese cars, Japanese stereos, Japanese TV's or Japanese watches, or that the United States will stop selling United States Government bonds to the Japanese because we have to finance our deficit. Who in this room believes that if this deal does not go through, champagne corks will not be popping in France and all over Europe when they get this deal, and who in this Chamber still believes in the tooth fairy?

Mr. SOLOMON. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New York [Mr. HOCHBRUECKNER].

Mr. HOCHBRUECKNER. Mr. Chairman, let me remind my colleagues, as I think many of them know, that prior to coming to Congress I was employed in aerospace engineering for 25 years, and I have worked on a variety of aircraft projects during that 25 year span. Drawing from that background, I believe the FSX deal should be killed.

In the 2 minutes allotted to me I wish to highlight the reasons for my opposition to the FSX deal. I have here a letter from the Secretary of State, signed by James A. Baker III, to the Ambassador of Japan, dated April 28. Let me read a sentence from that letter to the Members. It says:

> * * * the Japanese Defense Agency should be assured that under the terms of the FSX Memo of Understanding Japan will receive access to the source codes necessary to develop the mission control computer.

The Secretary of State has committed that we will provide to the Japanese the source codes, the basic instructions in the computer itself, revealing all of those proprietary programs that we have developed at great expense through the years.

This includes areas such as the fire control equations, inertial navigation filtering, automatic flight control just to mention a few.

□ 1620

Mr. Chairman, that is the heart of the system, and, if we give this away, we are, in fact, giving away the store. This is wrong for our Nation.

I have here another letter from the Japanese Ambassador to the Secretary of State saying that they will under restricted circumstances give us the technologies that they will develop in the areas of the radar, electronic countermeasures, inertial navigation system, and the mission computer. The fact of the matter is that the administration is limiting our access to their information while the Secretary in his letter states clearly that we will give them everything they need from us to develop the mission control computer. In other words we give them everything while they give us a pittance in return.

This policy is exactly why our trading partners have been beating our brains in through the years.

Mr. Chairman, this is a bad deal for the United States. We should not be doing this FSX deal. We should not be giving one of our most precious resources, our technology. It is absolutely the wrong thing to do.

Others have raised the arguments that maybe we should do the deal because we need the money. The heck with the money. This short-term financial gain could result in the long-term loss of our aerospace leadership and our national pride and security. We must not give away our technology. We should support the Solomon amendment and oppose this bad FSX deal.

Mr. SOLOMON. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. RITTER].

Mr. RITTER. Mr. Chairman, I thank the gentleman from New York [Mr. SOLARZ] for yielding this time to me.

Mr. Chairman, I keep hearing that somehow, if we do not go through with this deal, that Japan will be impeded in development of aerospace industrial capability. The gentleman from Florida [Mr. FASCELL] said, "If you believe that, you believe in the Tooth Fairy."

People have said that Japan does not abide by its side letters of understanding, and some people during our debates in the Committee on Energy and Commerce and the Committee on Science, Space, and Technology said that the issue of semiconductors was a good example. Well, the issue of semi-

conductors was different, in that to pry out semiconductor purchases from vertically and horizontally integrated Japanese firms that are selling to themselves as opposed to buying a United States engine off the shelf from Pratt & Whitney is a totally unopposite situation. The side letter is operative. GAO did say during the hearings that of 16 MOU's the Japanese were by far the best performers in terms of memorandums of understanding on defense production items.

Mr. Chairman, the aerospace industry should be listened to because they are the ones who would suffer, and yet McDonnell Douglas and Boeing, which have virtually no part in this deal, have come out in strong support of the agreement. General Electric, one of the leaders of jet engine manufacturing in the United States, says that, if we do not go through with this deal and the Japanese do develop jet engines or collaborate with Rolls-Royce, we would lose a tremendous customer.

All along the line the arguments of the opposition to the deal, indicating that the United States would lose, are contradicated by the very people who supposedly are the losers.

Mr. SOLOMON. Mr. Chairman, I yield 2 minutes to the gentlewoman from Maryland [Mrs. Bentley].

Mrs. BENTLEY. Mr. Chairman, I thank the gentleman from New York [Mr. SOLOMON] for yielding this time to me.

Mr. Chairman, I rise in strong support of the Solomon amendment, and I also rise to say that I will be supporting the Bruce amendment.

Mr. Chairman, I think we need to listen very carefully to the words of the gentleman from Long Island [Mr. HOCHBRUECKNER] of a few minutes ago, of what he had to say about the danger of transferring this technology overseas. He is an expert in this field, and we need to listen to what he said. His words are very wise.

In addition, Mr. Chairman, I want to point out in view of the remarks of the gentleman from Pennsylvania [Mr. RITTER], my good friend, once again that William Clark of the State Department says that the FSX transfers could cause problems for Japan on items it developed on its own and that Glen Rudd a Pentagon spokesman, said that while there are no plans now to transfer engineer technology to Japan, when the plane enters production in 1994 that might not be the case.

Mr. SOLARZ. Mr. Chairman, I yield such time as he may consume to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Chairman, I rise in support of the Solomon amendment.

Mr. Chairman, at the end of the President's successful trip to Europe last week one conclusion was clear. There is a historic shift in relations underway in the world—a shift away from the East-West military confrontation that has dominated international affairs for the past 40 years, a shift toward a world dominated by economic relations.

International economic competition is not a new concern for many Members of Congress—we have watched businesses in our districts suffer from unfair trade practices, we have seen our constituents losing manufacturing jobs, we have documented capital flowing out of industrial investments to pay for Federal budget deficits, and we have called for strong administration action, only to watch our trade deficits grow.

The United States should be as strong and secure in a world dominated by economic competition as we have been for the past 40 years in a world dominated by military competition. We hold the cards in this game: a nation unsurpassed in natural resources, a nation of relentless inventiveness, a nation strengthened by generations of immigrants. Yet we have been playing our cards away, sacrificing long-term economic benefits for short-term diplomatic or military advantage time and time again.

Over the next 40 years trade flows will determine the winners and losers in international affairs. This reality demands a new way of thinking in this Nation, a new equation for weighing international treaties and agreements. Playing by the new rules of the game, the FSX agreement that we have before us today gives away an ace to our toughest competitor—an ace we cannot afford to lose.

Two years ago the administration should have demanded that the Japanese buy the F-16 fighter "off the shelf" from the United States. If the Japanese are unwiling to buy products from this Nation when they are clearly the best available in the world, when they are significantly cheaper than other options, when there are no domestic manufacturers in Japan, then they are not playing fairly and action must be taken to protect American interests. Through the FSX deal we give the Japanese a boost in their efforts to build a domestic aeronautics industry. With the refusal of the Japanese Government to buy the F-16, there could not be a more clear-cut example of Japanese protectionism. Unless we are willing to demand that they play fairly in such instances the game is lost.

Yesterday the House voiced its latest concerns over Japan's implementation of our two nations' agreement on semiconductors. In March 1987, the President took action against the Japanese for not honoring this same agreement. The $300 million in trade sanctions imposed by the President quickly brought corrective action, but this was the first time the United States had ever taken direct action against the Japanese for unfair practices. We all recognize that a wide variety of Japanese trade practices are unfair, but the administration has been hesitant in moving more aggressively in correcting the situation. Controlling the largest and freest market in the world, we have the power to open markets abroad, if we have the resolve. Sanctions, tariffs, or other effective measures to open foreign markets are the best means we have to protect global free trade in the long run.

We can debate the costs and benefits of the FSX agreement the administration has presented us after 2 years of negotiations—the technologies to be transferred, the United States purchases the Japanese will be making, the limitations on future sales or transfers. But in the end, this agreement marks a significant failure for the United States. In the era of military competition the winners and losers were easy to determine, in the era of economic competition outcomes may be less clear. There are many possible measures, from trade balances to domestic investment, from currency exchange rates to the growth of GNP. But while the state of economic relations will be more difficult to determine, the wins and losses will be just as real.

Mr. Chariman, I hope my colleagues will consider the implications of the proposed FSX agreement within the broader context of the new international economic competition the President spoke of in Europe. Facing these new challenges, and given the new rules of the game the FSX agreement should be rejected by this House.

Mr. SOLARZ. Mr. Chairman, for purposes of concluding debate on our side of the aisle, I yield myself the remaining amount of time.

The CHAIRMAN pro tempore (Mr. FLIPPO). The gentleman from New York [Mr. SOLARZ] is recognized for 4½ minutes.

Mr. SOLARZ. Mr. Chairman, we are being asked in the Solomon amendment, which is now before us, to send a message to President Bush that he should walk away from the FSX deal which has already been negotiated, an arrangement which will bring 22,000 man-years of work to our country, which will bring $2.5 billion into our economy, which will help to solidify our relationship with a country which is clearly one of our most important allies anywhere in the world, and which will enable Japan to do a much better job in fulfilling its responsibilities to protect our mutual security interests in the area. If we are going to adopt the Solomon amendment, therefore, and call upon the President to reject the FSX arrangement, there has to be a pretty compeling reason.

Mr. Chairman, the argument which is advanced primarily in favor of this amendment and the rejection of the FSX deal is that we are giving away our technology to Japan and this in turn will enable Japan to take away a major American industry once again from the United States. Yet when we ask the representatives of the major aerospace corporations in this country, Boeing and McDonnell Douglas, who have the most to lose if these fears should come true, whether they thought the FSX deal was good or bad for America, without exception they unanimously agreed that the FSX arrangement was in the best interests of the United States and would not give Japan any undue competitive advan-

tages which could threaten their long-term economic viability.

I have a feeling, Mr. Chairman, that, if we were talking about the codevelopment of the FSX, not with Japan, but with Germany, or Britain, or France, or Italy, there would not be any great objection to it in this body. However somehow or another, because it involves Japan a lot of voices are heard against this arrangement.

Some people have said that Japan should have gone out and bought the F-16 off the shelf. If in fact by purchasing the F-16 instead of $2.5 billion they would have given us $10 billion, or $8 billion, or $6 billion, or $4 billion, I would have said, "Yes, they should have bought the F-16," but we have been told that even if they had bought the F-16, it would have gotten us only $2.5 billion, which is exactly what we are going to get for the FSX. Consequently this argument for comparative advantage really does not apply here.

The truth of the matter is that practically every major industrial country wants its own domestic aerospace industry, and that is why, even if we were to reject the FSX, Japan will go ahead, either on its own or in cooperation with the Europeans, and we are clearly better off having Japan do it with us where we get $2.5 billion, where we get 22,000 man-years of work, than having Japan do it on its own or in cooperation with the Europeans.

□ 1630

Now, my very good friend, the gentleman from New York [Mr. HOCHBRUECKNER] says that by providing the fire control source codes to Japan we are giving away valuable American technology. The fact is that we are only providing limited access to the fire control source code and to the extent we do provide it, it has limited applicability to civilian aircraft because civilian planes do not use missiles and munitions, and that is what the fire control source code is designed to provide.

So, Mr. Chairman, I call upon the Members of the House, probably futilely, because I can sense which way the winds are blowing, to vote against the Solomon amendment. The FSX arrangement, when you carefully consider it, as we have in the Foreign Affairs Committee, is in fact in the best interests of the United States, and according to the testimony of our own domestic aerospace industry will not put us at a competitive disadvantage.

Mr. SOLOMON. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. MAVROULES], the chairman of the Subcommittee on Investigations of the Armed Services Committee.

Mr. MAVROULES. Mr. Chairman, I thank the gentleman for yielding this time.

I think we ought to set the record straight here. This is not Japanese bashing, by any means. When I took the floor before, I hope and I think I was speaking for the entire body, including those who are not going to support the Solomon amendment. The fact is we had a golden opportunity here to do some hard negotiating with a good ally, the Japanese, because we are getting beat to the tune of $57 billion a year in trade. We had an excellent opportunity and we did not take advantage of it.

We are weak when it comes to trade issues. The fact is we do not want to believe that.

Well, the fact is this. We have been told that perhaps they have some technology they want to transfer and share with us. What are those technologies?

One they talked about is composite. Well, we do have a composite technology, perhaps even better than what the Japanese do have. They talk about an electronic radar ray system. Well, let me tell you, we had that radar ray system 1 year ago, developed by Hughes Industries.

What are they going to be giving here to the United States?

The point is, let us set the record straight. We are good friends with Japan. It is not Japanese bashing. We were weak when we had an opportunity to do something about the trade deficit. We do not build VCR's. We do not build FAX machines. We build nothing, and 10 or 15 years from now, and I might say this very candidly, they are going to take over the aerospace industry throughout the world because of the weakness on the part of our Government.

I think we ought to set the record straight on that issue.

Mr. SOLOMON. Mr. Chairman, I certainly thank the gentleman for an excellent statement.

Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. SCHULZE].

Mr. SCHULZE. Mr. Chairman, in assessing the proposed FSX arrangement with Japan, the controversy and confusion it has generated are tremendous, indeed. What baffles me most, however, is how the agreement's most enthusiastic proponents can justify such giddiness over what has been a bad deal since day one.

To begin with, carrying through with this agreement would represent nothing more than a stinging slap in America's face. If there ever was an opportunity for Japan to transform its words about rectifying its $55 billion balance-of-trade surplus with the United States into action, its off-the-shelf purchase of U.S. F-16 jets would have forced even the harshest critics to reevaluate their positions.

After all, it is a lot tougher finding fault with a country which has just written a $3-billion check to one of your largest companies.

I just cannot understand how Japan, well aware of this golden and easy opportunity to buy U.S. goods, would choose the more complex route of intransigence. At a time when the other major trading nations of the Pacific rim—Taiwan and Korea to name two—are trying earnestly to reduce trade imbalances and frictions with the United States by purchasing American goods at every opportunity, Japan continues to march defiantly in exactly the opposite direction.

In fact, after running our initial trade deficit with Japan in 1965, the imbalance has since been growing steadily. Our trade deficit with that country has not decreased since 1979 and, more recently, has increased by nearly 200 percent since 1983. What is more, while Taiwan and Korea send buying missions to America to search out ways to purchase more U.S. goods, Japan sends the sharpest lobbyists in to explain why it can't! Accordingly, and for good reason, I am even less able to accept at face value Japan's supposed commitment to fair trade, or the sincerity of that country's pronouncements that it will take meaningful steps to redress the trade imbalance.

Another missed opportunity for Japan to back up its verbal assurances came when it refused to allow even the hulls of its Aegis-equipped ships to be constructed in the United States. The disturbing reality here, and what really gives me great pause for concern, is that Japan is only willing to purchase certain technologies from us which, not coincidentally, it is lacking. And, clearly, it simply does not make sense for us to be in the business of handing over to Japan the ability to boost its third country fighter jet sales, while rushing us out of the business in the process.

If Japan had agreed to purchase the ships constructed entirely, and equipped with the Aegis system, in the United States, it would have sent an irrefutable signal that: Trimming its trade imbalance by billions of dollars with the United States does matter; and, it is not just after our technology for purposes of developing it into products which it can sell to third countries, or even back to the United States, in the future.

However, chance after chance, time after time, opportunity after opportunity, instead of acting in good faith, Japan has gone out of its way to show the United States that just getting by by the skin of its teeth or the seat of its pants is the preferred method of negotiating with the United States.

And, how about Kansai airport and other public works projects? In an area in which the United States enjoys a distinct and widely acknowledged

comparative advantage—that being the construction services industry—Japan has virtually gone out of its way to keep the United States out of this lucrative market. In fact, out of approximately 2.6 billion dollars' worth of Kansai-related projects already procured, the United States has been successful in only 2.5 million dollars' worth—that is one-tenth of 1 percent.

Mr. Chairman, this is not a clear sign that Japan wants to trade fairly, it is a measly pile of chicken feed.

Second, where aerospace technology is another of the few remaining areas of distinct U.S. comparative advantage vis-a-vis Japan, it makes absolutely no sense for the United States to wittingly hasten the day that the Japanese become major competitors to the United States in a variety of aerospace products. In fact, according to the U.S. Business and Industrial Council, "Japan's purpose in undertaking this project is to create its own high-performance aircraft industry that will, in the future, be a rival to the American aircraft industry."

After all, if Tokyo was primarily concerned—as it claims to be—with upgrading its air force with the best value for its money, it could buy an advanced version of either General Dynamic's F-16 Falcon or McDonnell Douglas' F-18 Hornet, both of which are support fighters adaptable to the missions envisioned for the FSX. And, of course, as both are currently under development in the United States, Japan's purchase of them, while satisfying its supposed air force-related needs, would send a resounding signal that it genuinely wants to ease trade frictions with the United States. But, I guess that is just not the case.

In fact, it seems the bottom line is that for Japan, the only goods it trades freely and fairly are words—but, unfortunately, the Commerce Department does not factor words into its monthly trade figures.

Mr. Chairman, I urge support for the Solomon amendment.

Mr. SOLOMON. Mr. Chairman, I yield myself the balance of the time and just take the opportunity to say that I think the gentleman from Massachusetts summed up this amendment and the need for it. It is not an anti-Japanese amendment. Mr. Chairman, it is a pro-America amendment. It is a buy-America amendment.

You know, one thing about us Republicans on this side of the aisle is that we get so carried away sometimes with the term "free trade" that we forget the term "fair trade."

Let me tell you something. I resent the fact that these Japanese are not interested in fair trade. If they were, they would not be trying to steal this industry away from us. They would be interested in buying 130 F-16's from this country and trying to reduce the $57 billion trade deficit that we are having with that country.

We are being taken for a ride, and it is about time that our own State Department woke up. Whose side are you on, State Department, America's or Japan's?

That is why I have offered this amendment. It is your chance to send a message to our administration, to our State Department and to the Japanese, that we want a fair deal, not this kind of a deal.

Mr. Chairman, I urge support for the amendment.

Mr. FORD of Michigan. Mr. Chairman, I rise in total opposition to the FSX deal, which would transfer to Japan $7 billion of United States fighter aircraft technology developed at taxpayer expense. I support this amendment to block it.

The FSX deal is an outrage. President Bush should be ashamed to have negotiated it, and any Member of Congress who votes to support it should be equally ashamed.

The ultimate irony of this blatant giveaway to Japan is the President's belated admission that Japan has taken advantage of us by its pattern of serious unfair trade practices. When he named Japan an unfair trader last week, he forgot to mention the biggest problem with the FSX deal: Japan committed its worst unfair trade practice by refusing to buy the American-made F-16 fighter plane off the shelf. If Japan won't buy the best fighter plane in the world from us, what will they buy? Is it any wonder Japan's trade surplus with us is $55 billion?

Japan does not want the best fighter at the best price. They are willing to wait 5 to 10 years and pay twice as much to develop the FSX for one simple reason. They want our world-class technology and the experience of building a new plane with American tutors so that they can go out on their own and develop a Japanese aircraft industry. They want to compete against us in one of the last high-technology markets we dominate. And when they do compete, is there any reason to believe they won't seek to destroy our aircraft industry as they did the home electronics and computer chip industries? Remember, one of Japan's unfair practices President Bush cited is its continuing refusal to purchase foreign supercomputers—another area where United States technology is the best.

I will vote for Senate Joint Resolution 113 because it is the only way Congress can limit the damage done by the FSX deal. But I would prefer to block the deal outright.

If the House does not have the guts to pass Senate Joint Resolution 113, the consequences may be disastrous. Nothing in President Bush's agreement will prevent the transfer to Japan of critical engine technologies. Without this resolution nothing will guarantee that any level of production work on the FSX is performed in the United States. And nothing else will prevent Japan from transferring the FSX weapon system or any of its technology to a third country.

In truth, nothing—not even this resolution—can prevent Mitsubishi, Japan's prime FSX contractor, from following Toshiba's footsteps and passing our critical defense technologies to the Soviet Union or anyone else. If Mitsubishi will help Libya build a chemical weapons plant, can they be trusted with our fighter aircraft technology?

No, Mr. Chairman, the FSX deal is a bad deal for America. This resolution may limit the damage, but our pride, our industrial security, and our military security will be damaged nevertheless.

The CHAIRMAN pro tempore (Mr. FLIPPO). The question is on the amendment in the nature of a substitute offered by the gentleman from New York [Mr. SOLOMON].

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. SOLOMON. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 320, noes 98, not voting 15, as follows:

[Roll No. 78]

AYES—320

Ackerman	Derrick	Herger
Alexander	Dingell	Hertel
Anderson	Dixon	Hoagland
Andrews	Donnelly	Hochbrueckner
Annunzio	Dorgan (ND)	Holloway
Anthony	Dornan (CA)	Hopkins
Applegate	Douglas	Horton
Atkins	Downey	Hoyer
AuCoin	Dreier	Hubbard
Baker	Duncan	Huckaby
Ballenger	Durbin	Hughes
Barnard	Dwyer	Hunter
Bates	Dymally	Hutto
Bennett	Dyson	Inhofe
Bentley	Early	Jacobs
Bereuter	Eckart	James
Bevill	Edwards (OK)	Jenkins
Bilbray	Emerson	Johnson (SD)
Bilirakis	Engel	Jones (GA)
Boggs	English	Jones (NC)
Bonior	Erdreich	Jontz
Borski	Espy	Kanjorski
Boucher	Evans	Kaptur
Boxer	Fazio	Kasich
Brennan	Feighan	Kastenmeier
Brooks	Flake	Kennedy
Broomfield	Flippo	Kennelly
Browder	Ford (MI)	Kildee
Brown (CA)	Ford (TN)	Kleczka
Brown (CO)	Frank	Kolter
Bruce	Frost	LaFalce
Bryant	Gallegly	Lancaster
Bunning	Gallo	Lantos
Burton	Garcia	Laughlin
Bustamante	Gaydos	Leath (TX)
Byron	Gejdenson	Lehman (FL)
Campbell (CA)	Gekas	Leland
Campbell (CO)	Gephardt	Lent
Cardin	Gillmor	Levin (MI)
Carper	Gilman	Levine (CA)
Carr	Glickman	Lewis (FL)
Chapman	Gonzalez	Lewis (GA)
Clarke	Goodling	Lightfoot
Clay	Goss	Lipinski
Clement	Grant	Lloyd
Coble	Guarini	Long
Coelho	Gunderson	Lowey (NY)
Coleman (MO)	Hall (OH)	Luken, Thomas
Coleman (TX)	Hall (TX)	Lukens, Donald
Conte	Hammerschmidt	Machtley
Conyers	Hancock	Madigan
Cooper	Hansen	Manton
Costello	Harris	Markey
Coyne	Hastert	Martin (IL)
Craig	Hatcher	Martinez
Crockett	Hawkins	Mavroules
Dannemeyer	Hayes (IL)	McCloskey
Darden	Hayes (LA)	McDade
Davis	Hefley	McEwen
DeFazio	Hefner	McGrath
Dellums	Henry	McMillan (NC)

McNulty
Meyers
Mfume
Miller (CA)
Miller (OH)
Mineta
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Morella
Morrison (CT)
Murphy
Murtha
Myers
Natcher
Neal (MA)
Neal (NC)
Nelson
Nielson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Pallone
Parker
Parris
Patterson
Paxon
Payne (NJ)
Payne (VA)
Pease
Pelosi
Perkins
Poshard
Price
Pursell
Quillen
Rahall
Rangel
Ravenel
Regula
Richardson
Ridge
Rinaldo
Roberts
Robinson
Rogers
Rohrabacher
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Russo
Sabo
Sangmeister
Sarpalius
Savage
Sawyer
Saxton
Schaefer
Schiff
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shays
Shuster
Sikorski
Skaggs
Skeen
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith (MS)
Smith (NE)
Smith (NJ)
Smith (VT)
Smith, Denny (OR)
Smith, Robert (NH)
Snowe
Solomon
Spence
Staggers
Stallings
Stangeland
Stark
Stearns
Stenholm
Stokes
Studds
Stump
Sundquist
Synar
Tallon
Tanner
Tauzin
Thomas (GA)
Thomas (WY)
Torres
Torricelli
Towns
Traficant
Traxler
Unsoeld
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walsh
Watkins
Waxman
Weldon
Whittaker
Whitten
Wilson
Wise
Wolf
Wolpe
Wylie
Yates
Yatron
Young (FL)

NOES—98

Akaka
Archer
Armey
Aspin
Bartlett
Barton
Bateman
Beilenson
Berman
Bliley
Boehlert
Bosco
Chandler
Clinger
Combest
Coughlin
Cox
Crane
de la Garza
DeLay
DeWine
Dicks
Edwards (CA)
Fascell
Fawell
Fields
Fish
Foglietta
Frenzel
Gingrich
Gordon
Gradison
Grandy
Gray
Hamilton
Hiler
Hyde
Ireland
Johnson (CT)
Johnston
Kolbe
Kostmayer
Kyl
Lagomarsino
Leach (IA)
Lehman (CA)
Lewis (CA)
Livingston
Lowery (CA)
Marlenee
Martin (NY)
Matsui
Mazzoli
McCandless
McCollum
McCrery
McCurdy
McDermott
McHugh
McMillen (MD)
Michel
Miller (WA)
Moody
Morrison (WA)
Mrazek
Nagle
Oxley
Packard
Panetta
Pashayan
Penny
Petri
Pickett
Pickle
Porter
Ray
Rhodes
Ritter
Roe
Roybal
Saiki
Shumway
Sisisky
Slaughter (VA)
Smith (IA)
Smith (TX)
Smith, Robert (OR)
Solarz
Spratt
Swift
Tauke
Thomas (CA)
Walker
Weber
Weiss
Wheat
Wright
Young (AK)

NOT VOTING—15

Buechner
Callahan
Collins
Courter
Dickinson
Florio
Gibbons
Green
Houghton
Owens (UT)
Scheuer
Schneider
Udall
Williams
Wyden

□ 1658

The Clerk announced the following pairs:

On this vote:

Mr. Florio for, with Mr. Dickinson against.

Mrs. Collins for, with Mr. Buechner against.

Mr. BERMAN and Mr. GORDON changed their vote from "aye" to "no."

Mrs. KENNELLY, Mr. RANGEL, and Mrs. LOWEY of New York changed their vote from "no" to "aye."

So the amendment in the nature of a substitute was agreed to.

The result of the vote was announced as above recorded.

□ 1700

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. BRUCE

Mr. BRUCE. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. BRUCE: In lieu of the matter proposed to be inserted after the resolving clause by the amendment reported by the Committee on Foreign Affairs, insert the following:

SECTION 1. CODEVELOPMENT OF THE FS-X WEAPON SYSTEM.

(a) IN GENERAL.—The President shall ensure that all technology, defense articles, and defense services provided by the United States or any United States corporation or entity to Japan pursuant to the agreement described in subsection (b) to codevelop the Support Fighter Experimental (FS-X) weapon system shall be subject to the requirements of subsections (a), (c), and (d) of section 3 of the Arms Export Control Act.

(b) DESCRIPTION OF AGREEMENT.—The agreement referred to in subsection (a) is the agreement for which the President submitted a certification pursuant to section 36(d) of the Arms Export Control Act on May 1, 1989 (transmittal number MC-9-89).

SEC. 2. COPRODUCTION OF THE FS-X WEAPON SYSTEM.

(a) IN GENERAL—In the event that the United States and Japan seek to coproduce the FS-X weapon system—

(1) the United States and Japan shall negotiate and sign a Memorandum of Understanding (MOU) containing the terms and conditions for that coproduction; and

(2) such MOU shall—

(A) prohibit the transfer to Japan of critical engine technologies (including, but not limited to, hot section and digital fuel control technologies); and

(B) prohibit the sale or retransfer by Japan of the FS-X weapon system or any of its major subcomponents codeveloped or coproduced with the United States.

(b) APPLICATION OF ARMS EXPORT CONTROL ACT.—Technology, defense articles, and defense services resulting from any coproduction of the FS-X weapon system by the United States and Japan shall be subject to the requirements of subsections (a), (c) and (d) of section 3 of the Arms Export Control Act.

(c) POLICY ON UNITED STATES WORKSHARE.—It is the sense of the Congress that any Memorandum of Understanding (MOU) between the United States and Japan on coproduction should specify that the United States share of the total value of the coproduction shall be not less than 40 percent of that value, including the value of manufacturing spare parts and other support items which are part of the lifetime maintenance costs of the FS-X weapon system.

SEC. 3. GAO REPORT.

(a) IN GENERAL.—Beginning 6 months after the date of enactment of this joint resolution, and every 12 months thereafter, the Comptroller General of the United States, after consultation with appropriate officials of United States agencies represented on the Technical Steering Committee, shall submit to the Speaker of the House of Representatives and the chairman of the Committees on Foreign Relations, Armed Services, Commerce, Science and Transportation, and Banking, Housing, and Urban Affairs of the Senate a report describing the progress made in implementing the Memorandum of Understanding (MOU) between the United States Department of Defense and the Japan Defense Agency on Cooperation in the Development of the FS-X Weapon System, signed on November 29, 1988, and related documents thereto. Such report shall state—

(1) whether any technology involved in development of the FS-X weapon system has been transferred to the Japanese space shuttle program or any other part of the Japanese aviation sector or aerospace technology;

(2) whether any such technology has been diverted to any third party country unauthorized to receive such technology, in violation of the license and technology assistance agreement for the FS-X weapon system; and

(3) whether any such technology has been made available, legally or illegally, to adversaries who could use such technology to the detriment of the North Atlantic Treaty Organization (NATO), the United States, any other member country of NATO, Japan, Australia, or New Zealand.

(b) DEFINITION.—For purposes of this subsection the term "Technical Steering Committee" refers to the FS-X Technical Steering Committee established jointly by the Japan Defense Agency and the United States Department of Defense.

SEC. 4. IMPACT OF MOUs RELATING TO THE FS-X WEAPON SYSTEM ON THE COMPETITIVE POSITION OF THE UNITED STATES.

(a) SOLICITATION OF RECOMMENDATIONS.—In the implementation of the Memorandum of Understanding (MOU) and related agreements between the United States and Japan regarding the codevelopment of the FS-X weapon system, and in the negotiation, renegotiation, and implementation of future memoranda of understanding and related agreements concerning coproduction of the FS-X weapon system, the Secretary of Defense shall regularly solicit and consider comments or recommendations from the Secretary of Commerce with respect to the commercial implications of such agreements and the potential impact on the international competitive position of United States industry.

(b) REVIEW BY SECRETARY OF COMMERCE.—Whenever the Secretary of Commerce has reason to believe that any such memorandum of understanding or related agreement has, or threatens to have, a significant adverse impact on the international competitive position of United States industry, the Secretary of Commerce may request a

review of the agreement. If, as a result of the review, the Secretary of Commerce determines that the strategic commercial interests of the United States are not being served, the Secretary of Commerce shall recommend to the President any modification to the agreement he deems necessary to ensure an appropriate balance of interests.

(c) CONSIDERATION OF RECOMMENDATIONS.—(1) The President shall consider the recommendations of the Secretary of Commerce concerning—

(A) the commercial implications of any such memorandum of understanding or related agreement, and

(B) the potential impact on the international competitive position of United States industry,

in determining whether such memorandum of understanding or related agreement shall be implemented or agreed upon.

(2) Any such memorandum of understanding or related agreement shall not be implemented or agreed upon if the President determines that such agreement is likely to have a significant adverse impact on United States industry that outweighs the benefits of implementing or entering into such an agreement.

SEC. 5. DEFINITIONS.

As used in this joint resolution, the terms "defense article" and "defense service" shall have the same meanings as are given to those terms in paragraphs (3) and (4), respectively, of section 47 of the Arms Export Control Act.

The CHAIRMAN. Pursuant to the rule the gentleman from Illinois [Mr. BRUCE] will be recognized for 30 minutes and a Member opposed will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois [Mr. BRUCE].

Mr. SOLARZ. Mr. Chairman, I rise in opposition to the Bruce amendment.

The CHAIRMAN. Is the gentleman opposed to the amendment?

Mr. SOLARZ. I am opposed to the amendment, Mr. Chairman, and I would like to yield 15 minutes of the 30 minutes allotted for the opposition to the Bruce amendment to the gentleman from Iowa [Mr. LEACH].

The CHAIRMAN. The gentleman from New York [Mr. SOLARZ], who has been accorded 30 minutes, asks unanimous consent that 15 minutes of that 30 minutes be ceded to the gentleman from Iowa [Mr. LEACH] to be yielded by him. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BRUCE. Mr. Chairman, I, likewise, would like to yield 15 minutes of the 30 minutes to the gentleman from California [Mr. HUNTER] and I would ask unanimous consent that he designate that time.

The CHAIRMAN. The gentleman from Illinois [Mr. BRUCE] seeks unanimous consent to cede to the gentleman from California [Mr. HUNTER] 15 minutes to be yielded by the gentleman from California [Mr. HUNTER].

Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. BRUCE].

Mr. BRUCE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise today in order to explain and clarify the Bruce/Byrd language and the effects it will have on the ultimate outcome of the FSX coproduction agreement. Misperception and misunderstanding have abounded throughout this body in dealing with this knotty issue.

Most importantly the Bruce amendment is not a resolution of approval of the FSX agreement. The Bruce-Byrd language simply says that in the event that the administration proceeds to coproduce the FSX then Congress will set guidelines to be used in the negotiations of the FSX coproduction memorandum of understanding.

Two prohibitions are contained in the Bruce-Byrd language. First, hot section engine and digital fuel control technology will not be transferred to the Japanese. Second, third-country transfer of U.S. codeveloped or coproduced technologies are prohibited. The language of the Bruce/Byrd amendment has been carefully drafted to only affect the resale of U.S. codeveloped and coproduced subcomponents of the FSX. No 100 percent Japanese developed or produced parts will be effected by the restrictions on third country transfer. This will ensure that Japan will utilize the FSX weapon system solely for the defense of their country as intended and not ultimately be in competition selling United States codeveloped and coproduced weapons components on the international market.

Opponents of the Bruce/Byrd amendment have argued that this prohibition will call for a renegotiation of the FSX codevelopment MOU. That is simply not the case. The FSX codevelopment MOU has been completed, signed, and even expanded upon with side letters. Only the FSX coproduction MOU will impacted through this amendment.

I want to remind my colleagues on both sides of the aisle where the Byrd language originated. Senator PELL, chairman of the Senate Foreign Relations Committee, during the FSX debate said, "This prohibition is consistent with an assurance given to the Committee on Foreign Relations, by the Secretary of Defense Richard Cheney. The amendment serves this important purpose of making this assurance a matter of law." These two prohibitions surely couldn't create a situation for renegotiation of the codevelopment MOU when the Secretary of Defense was assuring Congress that these conditions would be met. We are putting legislative enforcement behind the Defense Secretary's assurance, the side letters, and the current Japanese Government policy not to sell arms.

While the contents the FSX technical agreements and codevelopment MOU are classified, keeping them from the view of the public, I want to clear the air and place the FSX agreement standards clearly before the American people and President Bush.

Through several sources the Bruce/Byrd language has been reported erronously to have put a steadfast requirement on the percentage of workshare the U.S. companies would receive in the coproduction phase. The Bruce/Byrd language contains a "sense of Congress" for the administration to achieve a 40-percent coproduction workshare. I firmly believe that the coproduction workshare agreement to be worked out by the administration should benefit American trade policy, American technological competitiveness and the American economy.

Only the Bruce amendment will ensure that the United States bargain for the 40 percent production share mentioned in the side letter, prohibit the release of critical engine technology developed by virtue of our efforts and resources, and prohibit third country transfer of FSX technology by Japan for commercial gain.

Public outcry and intense debate in both Houses of Congress has sent a strong message to both the Japanese and the administration that if the United States is to be the guarantors of Japanese security interests and have a $55 billion trade imbalance—the Japanese and the Bush administration must be willing to give a fair deal to the American people.

Mr. LEACH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BRUCE. I yield to the gentleman from Iowa.

Mr. LEACH of Iowa. I thank the gentleman for yielding.

Mr. Chairman, the gentleman does not want to suggest by inference that the Secretary of Defense favors his amendment, does he?

Mr. BRUCE. No, I do not, but I certainly want to say that in his own testimony the Secretary of Defense made it clear that while the contents of the FSX technical agreement and codevelopment MOU were classified, and keeping them from the view of the public, I want to clear the air and place the FSX agreement standards clearly before the American public and President Bush.

While several sources have reported that this language of my amendment would have a requirement, a requirement of production of 40 percent for U.S. companies, that is not in the language. It is a sense of Congress for the administration to work toward a 40-percent coproduction and workshare agreement, protect the American

trade policy, American technological competitiveness, and the American economy.

□ 1710

Mr. SOLARZ. Mr. Chairman, I yield myself such time as I may consume.

I rise in opposition to the amendment and urge the House to reject this amendment because if enacted, it could arguably require a renegotiation of the FSX agreement with Japan. That, in turn, could conceivably lead to an unseemly unraveling of this whole arrangement.

This is not, it seems to me, a time to put our relations with Japan under greater strain than they already are. I have to acknowledge that there are elements of the Bruce amendment which I think are entirely meritorious. There is, for example, a sense of the Congress provision in this amendment which urges the President, in negotiating the memorandum of understanding on coproduction, to get at least 40 percent of the workshare for the United States. Some will say that the agreement we have with Japan provides for the United States to get a workshare of approximately 40 percent. However, this could just as easily be 41, 42, or 43 percent as it could be 37, 38, or 39 percent. I should think that the President would want to get at least 40 percent of the workshare for the United States if he possibly could.

It also requires the GAO to do a study of the extent to which Japan is complying with those provisions of the agreement which prohibit a leakage of the technology to the civilian aerospace sector in Japan or to other countries. I know that some of my friends on the other side of the aisle do not like that provision, but even if it were not in the amendment, any Member of the House or Senate could request it from the GAO which does work for the Congress, not the administration. I think this study would be done anyway.

There is another provision which I think is mandatory in the Bruce amendment which requires the Secretary of Commerce to take a look at the MOU on coproduction to view it in the context of the implications for our domestic aerospace industry. I think that is a very sound provision. The amendment also says if the Secretary of Commerce thinks that the MOU on coproduction could have negative consequences for our domestic aerospace industry, he should make recommendations to the President to deal with that problem. Some of my friends on the other side of the aisle in the administration say it is inappropriate for the Congress to instruct Cabinet officers about their accountabilities, to which I respond by saying we have done it dozens and dozens of times in the past. Nothing new about that. It is not unprecedented. I think it makes sense.

However, I disagree with the Bruce amendment because of two provisions contained in it which could require a negotiation. Those provisions, first of all, would prohibit the transfer of any critical engine technology to Japan in the MOU on coproduction. The administration has already said it does not intend to do that. I do not think it is necessary, therefore, for Members to put this provision in. However, by putting it in and, as a matter of law restricting the administration from doing this, it could conceivably lead to a renegotiation. Another provision of the Bruce amendment would also prohibit Japan from retransferring the FSX or any major subcomponents derived from it to third countries. However, under existing law, and indeed, under the MOU that has already been negotiated on codevelopment, the administration would have to approve of any retransfer to a third country. So I do not think that this is really necessary, but by including it in the amendment, the Japanese might conceivably contend that restrictions are being put on their subsequent ability to utilize the technologies in this arrangement, which might lead them to insist on a renegotiation. I do not believe that that would be in the best interests of the United States.

In any case, in the future, if the administration should decide to approve of a retransfer of the FSX or any of the technologies associated with it, the Congress would have ample opportunity to pass legislation prohibiting that retransfer from taking place. The House, of course, has expressed their view that the FSX arrangement is not in the best interests of the United States. I can only say that I, personally, dissent from that judgment. I think it is in our best interests. I think it will provide work and money to the United States we otherwise would not have. I do not believe it would compromise the competitiveness of our aerospace industry. If I did, I would be against it myself.

Indeed, Secretary of Defense Cheney said if he thought this would compromise the long-term viability of the aerospace industry he would be opposed to it, also. However, the very industry which Members seek to protect, itself, says that this FSX arrangement would not put their long-term competitive position vis-a-vis Japan, in jeopardy.

I think we need to recognize, as we approach the end of the debate in which many critical comments have been made about Japan, in the final analysis, Japan is a formidable and valued ally of the United States. It has consistently supported our position in international forum like the United Nations, and supported the United States at the time of the hostage crisis in Iran. It supported the United States at the time we reflagged the Kuwaiti vessels. It spends more on defense than any other countries in the world besides the United States and the Soviet Union. Their willingness to cooperate with the United States has been a critical factor in enabling the United States to preserve the peace and promote the prosperity of Asia and indeed of the world.

We now have two administrations which have negotiated this agreement with Japan. I would be most unfortunate if, as a result of congressional action, that agreement now had to be renegotiated. It would call into question the credibility of the United States as a negotiating partner at a time when Japan is undergoing considerable domestic stress. This simply cannot be in the long-term interests of the United States. That is why, with all due respect to my very good friends who support this amendment and who have led the opposition to the FSX deal, I have to request my colleagues in the House to reject the Bruce amendment.

□ 1720

Mr. HUNTER. Mr. Chairman, I yield 1 minute to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Chairman, the preceding speaker, the gentleman from New York, has referred to an unseemly unraveling of agreements. That is not what we are talking about here.

I would ask the author of the amendment if he would please give me his attention. I repeat that we are not talking about unraveling agreements. We are not renegotiating agreements under the Bruce amendment; is that not correct? Rather, what we are dealing with in this amendment is the coproduction MOU which has not yet been negotiated.

Mr. BRUCE. Mr. Chairman, if the gentlewoman will yield, that is correct.

Mrs. ROUKEMA. Mr. Chairman, I think my colleagues ought to understand this. This discussion is not about a reliable ally. This is not about undermining our President's negotiating posture. This amendment deals with the constitutional authority that we have as responsible legislators to make certain that technology that has been developed with Federal funds is properly and duly defined in terms of coproduction and the sharing of that technology. The amendment deals only with the coproduction activities under the MOU, which will be negotiated in the future.

Mr. Chairman, I think the gentleman from Illinois is to be congratulated for the preciseness of his language.

Mr. HUNTER. Mr. Chairman, I yield 6 minutes to the gentlewoman from Maryland [Mrs. BENTLEY].

Mrs. BENTLEY. Mr. Chairman, today we are operating under an unusual rule, in unusual circumstances. The FSX agreement—codevelopment of a project of this magnitude with a foreign nation—has never been done before and therefore deserves special scrutiny and, I think, special treatment.

The Bruce amendment will control the Japanese use of technology developed under this agreement. In no way will it proscribe the use of any technology developed by Japan on its own resource.

The Bruce amendment will provide oversight on technology transfer. The executive chafes at this restriction, but the history of the coproduction of the F-15 with Japan—where, by the end of the project—according to the General Accounting Office report—Japan had received every technology they were not supposed to have—makes this a necessary consideration.

Even On the matter of the FSX, a DOD official—Glenn Rudd—is quoted in a May 19 UPI release as saying "that while there are no plans now to transfer engine technology to Japan, when the plane enters production in 1994 that might not be the case."

Mr. Rudd, I think, makes a strong case today for the Bruce amendment.

Our concern regarding technology transfer that the Republican Research Committee established a technology transfer task force under the cochairmanship of myself and FRANK HORTON. We have had such prominent experts as Richard Perle appear—and all have decried these giveaway programs including specifically the FSX. They have said it would mean the end of our aerospace industry, the only industry in which we still excel, down the road. Steve Schlasstein in his recent book on trade said it is understood that Boeing entered a joint venture with Japan, that once their joint venture was consummated, Japan has been pressuring Boeing to do what it wants or they will not allow Boeing products to be sold there.

I recall being told by administration officials when they were pushing for the transfer of the Aegis antimissile technology to Japan that it couldn't be reverse engineered. This year when I visited one of the labs which developed the Aegis, their engineers told me that it can be reverse engineered.

Somebody should have oversight of the agencies who formulate defense and foreign policy based on expediency—brainstormed by ambitious Assistant Secretaries and aides—who increasingly see their power and influence as greater than the Congress of the United States—who concoct deals with foreign nations and then demand the Congress' rubber stamp or "our allies will be offended."

The Aegis agreement was worked in this manner. And now we are told that agreements are pending with Korea on cooperative ventures to build helicopters and fighter planes. There are also discussions, I understand, about transferring antisubmarine sonar capabilities to the Japanese shipbuilding industry. Another Aegis deal.

Make no mistake. These are not straightforward weapons sales. These are sales—each one—of geese which lay the golden eggs. And, because of the inherent technology transfers involved in each one, each should have received special treatment.

No longer should an agency have the power to conceive and present to the country "a done deal" representing one narrow interest—without regard to the overall good of the country and its future. Japan doesn't work that way. Its Ministry of International Trade and Industry does not allow one agency to wag the dog. Policymaking in Japan is a well thought out, all economy encompassing action.

We must become more coordinated and cooperative ourselves and it should start in the Congress. How many "protective trade" groups are there on the Hill? Each one representing one narrow sector of the economy? Too often the membership votes to protect a constituency only in their district, but when it is someone else's constituency—there is no interest in supporting someone else's ox being gored.

I call upon the textile caucus supporters, and also upon the steel URA advocates to come on board. You do have an interest here whether you recognize it or not.

We must begin to work more closely together for all the interests of all Americans. At lest the Bruce amendment will give Americans some protection!

Mr. HUNTER. Mr. Chairman, will the gentlewoman yield?

Mrs. BENTLEY. I am happy to yield to the gentleman from California.

Mr. HUNTER. Mr. Chairman, I want to thank the gentlewoman from Maryland [Mrs. BENTLEY] for her leadership along with the gentleman from New York [Mr. HORTON] in working on the problems of technology transfer, because I think that is going to be the great issue of the next decade. The work we are doing in trying to halt the technology flow to the East will accure to the benefit of our young 18-year-old men and women who have to work in that increasingly dangerous environment on the battlefields and under the seas of the world.

Mr. Chairman, I appreciate the gentlewoman's efforts.

Mrs. BENTLEY. Mr. Chairman, I thank the gentleman from California for those remarks.

Mr. LEACH of Iowa. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I would like to begin simply by quoting from our former colleague, and our current Secretary of Defense, Secretary Dick Cheney. Secretary Cheney said:

> Neither the Congress nor the American people should be under any illusion as to the choices available here. The alternative to this agreement is not an off-the-shelf purchase of an American aircraft by Japan. Rather, it is the real possibility of Japan going it alone in the military aerospace industry, a prospect that we believe would not be in the national interest of either the United States or Japan.

What we have heard articulated on the floor of the Congress today is a kind of reverse protectionism, a protectionism that is not trying to stop imports but one that is trying to stop exports.

I would ask every Member of this body: How are you going to stand at the factory plants and say to 22,000 Americans, "We don't want you to have a job"? How are you going to look industry in the eye and say, "We've got to narrow the trade deficit, but we are not going to sell Japan $2.5 billion of Equipment"? And how in the future are you going to possibly be able to look American industry in the eye, and the American public in the eye, and say, "We want Japan to cooperate with Western Europe and develop fighter aircraft in competition with American industry"? That is nuts.

As far as this particular agreement is concerned, everyody should understand that is not only did not come through a legislative process in this body in a seemly way, it did not in the other body either. It was written on the floor of the other body, and it contains some unseemliness that I would like to try to clarify so that if it passes, we can make a little sense out of the problem we are dealing with. In one of the areas it calls on the GAO to make a report that is incredibly intrustive. It involves such an expertise and capacity that the GAO, the Congress' body, would of necessity develop to become—in effect—an intelligence agency of the United States.

So I ask the author of the amendment, could he clarify for the record whether perhaps the intent of this legislation is to allow the GAO to look at what other institutions, public and private, say without developing an intrustive espionage capacity against Japan?

Mr. BRUCE. Mr. Chairman, will the gentleman yield?

Mr. LEACH of Iowa. I yield to the gentleman from Illinois.

Mr. BRUCE. Mr. Chairman, the GAO is an arm of this body. We have asked the GAO to do all kinds of studies, including looking into the purchase of equipment and construction in Honduras and operations all around the world to find out if the money the Congress authorizes is spent properly. This requires them to make inquiry of such agencies as NASA and military defense, and we are asking them

whether the things that are contained in the legislation are being complied with.

□ 1730

Mr. LEACH of Iowa. The second clarification, which is ambiguous in this statute, is whether Japan can develop items of its own and then be precluded from transferring them to third parties. Obviously codeveloped items should be precluded. Obviously items developed in the United States should be precluded. But does this body intend to take the intrusive step of saying that something developed in Japan cannot be traded to a third party?

Mr. BRUCE. Mr. Chairman, the language is clear. It says that items codeveloped or coproduced cannot be exported. Anything that Japan developes 100 percent without American assistance, either in codevelopment or coproduction, can be sold by the Japanese.

Mr. LEACH of Iowa. Mr. Chairman, I appreciate that explanation.

Mr. Chairman, I yield 4 minutes to the gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Chairman, I want to thank the gentleman from Iowa [Mr. LEACH], my colleague, for yielding this time to me.

Mr. Chairman, I rise in opposition to the Bruce amendment for four reasons. The first is that the Bruce amendment requires the administration to re-renegotiate this deal. My colleagues will recall that the previous administration asked Japan, "Don't go ahead and develop your own fighter plane. Codesign and coproduce with us."

Then earlier this year, after the general terms had been worked out, several of us signed a letter asking the new administration to do some renegotiation with Japan, and Japan and the new administration did this. Now through appropriate procedures, the administration has presented the renegotiated arrangement to Congress. Instead of us voting yes or no, however, there comes along an amendment on coproduction, on transfer of technology to Japan and on third-party transfers which in essence calls on the administration to renegotiate again, or re-renegotiate. Mr. Chairman, this is not a seemly way to conduct foreign affairs.

The second reason to oppose the Bruce amendment: We have a new procedure provided on third-party transfer of technology. Under the Export Administration Act the administration sends an export of military equipment proposal to the Congress. We approve or disapprove. Under this amendment we not only do it once—this is what has happened here at the beginning—we do it several times along the way as the third-party transfers may be proposed. There has been no consideration of amending that Export Administration Act.

The third reason for opposing this has been mentioned, asking our General Accounting Office to go and snoop on both Japan's and the United States' space programs to find out if technology in this agreement ends up in those space programs.

The fourth reason for opposing this is the micromanagement required. All sorts of procedures are laid out where the Secretary of Commerce must discuss with the Secretary of Defense and with the President as different stages of this agreement go on. The President ought to be able to tell his Cabinet how to interact with the President. It is now up to the Congress to tell the President how to have this interaction.

So, let us not micromanage the executive branch. Let us not put the GAO into intelligence. Let us not set up new legislation for the approval of technology transfer. And let us not require renegotiation.

Mr. Chairman, I personally support FSX. If my colleagues oppose FSX, let them oppose FSX, but let us not put all these conditions on an administration. I urge that we vote down the Bruce amendment.

Mr. BRUCE. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. LEVINE].

Mr. LEVINE of California. Mr. Chairman, let me just address the procedural situation and follow up on what the gentleman from Washington [Mr. MILLER], my friend, just suggested to the Members.

Mr. Chairman, the gentleman from Washington [Mr. MILLER], my friend, just suggested if his colleagues oppose the FSX, oppose it, but do not put procedural restrictions on this administration. Mr. Chairman, I urge my colleagues that, if they oppose the FSX, they should support the Bruce amendment.

Let me just spell out where we are. As my colleagues know, I was the original author of the resolution of disapproval to the FSX transaction. I am standing here on the floor of the House saying, "If you oppose the FSX, and you want to accomplish something, if you want to hold the administration's feet to the fire, as well as those of the Japanese Government, the only way you can accomplish that at this point is to support the Bruce amendment."

Mr. Chairman, the Solomon amendment expressing the sense of this Congress that the FSX is a bad deal was just passed by more than a 3-to-1 margin on this floor, 320 to 98, but unfortunately the Solomon amendment has no force and effect. It is simply a sense of the Congress resolution. If we leave that as the operative language, we have accomplished nothing other than making some people feel good.

If my colleagues want to hold this administration and the Japanese administration accountable on all of those items we have discussed today on the House floor, the only way to accomplish that is to support the Bruce amendment.

That amendment is not conferenceable. It is the exact same language that was enacted by almost three-fourths of the other body.

There is an opportunity potentially to override a veto. If my colleagues do not think this is signficant, why has the President indicated he will veto that amendment? He does not want this amendment because it will simply hold both this administration and the Japanese Government to the statements and assurances they have made.

I say to my colleagues, "If you want to accomplish something, support the Bruce amendment."

Mr. HUNTER. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. Mr. Chairman, I thank the gentleman from California [Mr. HUNTER] for yielding this time to me.

Mr. Chairman, I have here before me the Bruce amendment. In the Bruce amendment there is a memorandum of understanding, and it says that the memorandum of understanding shall prohibit the transfer to Japan of critical engine technologies including, but not limited to, hot section and digital fuel control technologies, and, B, prohibit the sale or retransfer by Japan of the FSX weapon system or any of its major subcomponents codeveloped or coproduced with the United States.

Mr. Chairman, what is wrong with that? What is wrong is that Toshiba took our technology, or took technology that should not have been transferred under the Cocom agreement, and they sold it to the Soviet Union, and now we are going to have to pay $30 billion to come up with new technology to tract Soviet submarines, so what is wrong with the Bruce language? There is nothing wrong with it.

Mr. Chairman, it further says in the amendment:

> It is the sense of the Congress that any Memorandum of Understanding (MOU) between the United States and Japan on coproduction should specify that the United States share of the total value of the coproduction shall be not less than 40 percent of that value, including the value of manufacturing spare parts and other support items which are part of the lifetime maintenance costs of the FSX weapon system.

Mr. Chairman, what is wrong with that? Why is it not proper for the United States to be guaranteed 40 percent of the program? That is what they say they want to do anyhow.

Mr. Chairman, I think the Bruce amendment is a darn good amendment, and we should support it.

Mr. HUNTER. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. ECKART].

Mr. ECKART. Mr. Chairman, the agreement between the United States and Japan to coproduce a new jet fighter for Japan has been hailed by the administration and General Dynamics as a model for trade and defense cooperation between our two countries. Once again, the administration and General Dynamics, the company that brought us $444 hammers, must be singing a new version of "they got the goldmine and we got the shaft."

The fact of the matter is—U.S. taxpayers, workers, and industry are being taken for a ride once again by the administration's negotiators, and I use the term negotiators loosely.

Japan staked out an extreme negotiating position—that they absolutely would not purchase United States-produced F-16's "off the shelf"—and then refused to budge from that position. As has happened too often in the recent past—American negotiators caved in. Uncle Sam once again has become Uncle Sucker.

The FSX deal is clearly not in the best interests of the United States. It may have disastrous results for an industry where we currently have a competitive advantage. It does little to alleviate the trade deficit in the short run and will cause even greater problems in the future. It signals further export of U.S. jobs overseas.

If we cannot take care of the trade deficit by having the Japanese buy what we are best at producing—how will we ever make a dent in the $52 billion trade deficit the United States is running annually with Japan?

What does the United States have to gain from this agreement? According to the administration, we will learn from the Japanese in composite and radar technologies. Yet, the General Accounting Office has stated that the United States is currently superior to Japan in the composite technology needed to produce a light, strong wing similar to that planned for the FSX.

Unfortunately, the worst case scenario is possible—the United States now has an expertise in advanced composites. If this new system designed for the FSX is successful, we will have helped create a new competitor in an area that the United States now dominates.

The GAO also believes the United States to be ahead of the Japanese in radar technology. However, the United States wasn't even able to obtain information on Japanese radar technology because Japan refused to provide it, arguing that it involved trade secret information. Once again, Japan's negotiating strategy places its own interests first, and the United States strategy leaves us in the dark.

What does Japan have to gain from this agreement? The answer is fairly clear—Japan wants to develop its aerospace industry by obtaining United States technology. Technology in this case developed at a cost of $7 billion to U.S. taxpayers.

We have watched while Japanese companies targetted high technology industry after high-technology industry—color televisions, semiconductors, fiber optics, the list is endless. Yet, some still doubt that Japan is doing the same thing in this case.

We have to ask ourselves why Japan would spend more to develop this jet fighter than they have to. Since 1982, Japan has been permitted to coproduce many defense weapons systems, including the Hawk missile, the Patriot missile, the P-3C ASW aircraft, the F-15 aircraft, the Howitzer, and others.

A Department of Defense comparative cost analysis of these and other agreements found that Japan pays 2.2 times as much to coproduce equipment that could be brought from United States competitors. Japan paid $626 million to coproduce 58 F-4 aircraft that could have been purchased from the United States for $279 million.

Is this an oversight? Did Japan fail early math? The answer is, or course, no. The answer is that Japan was willing to pay more up front in order to develop its technological base and learn to produce aircraft and missile systems. Long-term profits and industrial dominance were the goals of the Japanese.

In fact, a 1982 General Accounting Office study of earlier coproduction agreements between the United States and Japan concluded that the American objective was to secure a stronger defense for the United States and the free world. Unfortunately, the Japanese objective was to obtain technology to increase its industrial base.

Nothing in this latest coproduction agreement indicates that the Japanese have changed their priorities.

Moreover, Japan has demonstrated a disturbing willingness to export sensitive technology to third countries. I have yet to hear a satisfactory explanation for these incidents or why we should trust Japanese companies not to continue to pursue profits at the expense of the security of the free world.

The latest example occurred last month when it was reported that police in Tokyo were investigating allegations that Japanese machinery company executives carried a rare nuclear material to East Germany. This material—hafnium—is used to make control rods for reactors on nuclear powered vessels and submarines. Its export to Communist-bloc countries is strictly regulated by the coordinating committee on multilateral export control—a trade watchdog body—because of its strategic importance.

Since 1985, 10 other Japanese companies have been charged with violating rules established by the export control committee to ensure that strategic materials do not end up in the hands of the Soviet Union or its allies. Just 2 years, the Japanese-based Toshiba Corp. sold equipment to the Soviet Union which helped them make quieter submarines.

There are critical technologies involved in the FSX deal. These include software source codes for the F-16's digital flight control system, as well as other engine and fuel components of the aircraft. The administration claims that these sensitive technologies will not be transferred to the Japanese, and further, that their transfer to third parties is prohibited under the new memorandum of understanding negotiating with Japan.

Unfortunately, Japan's past record does not give me much confidence in Japanese assurances when national security issues are at stake. I intend to support the Byrd/Bruce substitute today because it includes an outright prohibition on the transfer of these critical engine technologies from the United States to Japan and from any subsequent transfers to third parties.

The administration opposes this provision on the unfounded basis that it will require renegotiation of the FSX deal. I fail to understand the administration's unwillingness to protect vital U.S. industrial and national security interests.

What we really need is a systematic reconsideration of U.S. policy with respect to coproduction agreements, offset agreements and other military trade matters to ensure that U.S. taxpayers, workers and industries are being protected.

□ 1740

Mr. LEACH of Iowa. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. RITTER].

Mr. RITTER. Mr. Chairman, what we seem to be doing here is seeking to renegotiate this agreement. That is what the Bruce amendment would probably do.

Assistant Secretary of State Janet Mullins said to the Subcommittee on Asian and Pacific Affairs that:

> It is recognized that the sense of the Congress provision is not legally binding. However, the clear legislative intent, which cannot simply be ignored, is that the Executive Branch should make every effort to achieve this workshare percentage. This provision would thus cast serious doubts on our practical ability to proceed without seeking to impose these legislative conditions on Japan.

All right, let us renegotiate. Let the Japanese go ahead and see what the Europeans would offer. Let the Japanese heavy industries see if they could

try to go this alone. Let us wipe out $2.5 billion. Who is our best customer for defense production today? It is Japan.

This amendment seeks to hurt Japan by shooting off the foot of the United States.

Now, as to technology transfer, we seem to think that Japan is some babe in the woods on technology. The fact is that the people from Hercules say that Japan has already started to cocure these wing sections. This is the ultimate in composite technology, where large sections like wings can be put together.

Does anybody doubt the manufacturing and processing capabilities of the Japanese? Does anybody doubt their ability in advanced electronics? Look around you. Look in your homes.

As I said before, there is no magic to an airplane. They do have to produce it with the United States.

The Bruce amendment opens up this entire activity and leaves us competing with the Europeans or Mitsubishi and Fujitsu and all these giants who are very, very capable of producing an aircraft.

The Japanese Defense Agency would love the opportunity and all of our major aerospace firms say that if the Japanese went it alone, they would be better off in their process of moving forward on both defense and civilian aerospace industry.

Mr. Chairman, I urge my colleagues not to see this amendment as retribution for the Toshiba sale, for the potential involvement which we are not even sure of with Mitsubishi in the Libyan Desert and the chemical plant, or for the transgressions of the Japanese on past trade issues.

Aerospace is our ace in the hole on exports. This amendment and this entire debate here runs counter to our best interests.

Mr. SOLARZ. Mr. Chairman, in the spirit of charity, I yield 2 minutes to the distinguished gentleman from Minnesota [Mr. VENTO], who I gather supports the amendment.

Mr. VENTO. Mr. Chairman, I thank the gentleman in the interest of the debate for giving me an opportunity to advocate a position in favor of the Bruce amendment.

Mr. Chairman, for a long time the Banking Committee, under the Defense Production Act, has examined the countertrade, the offset, the other types of agreements that we are talking about here and it is curious, because it casts our Department of Defense and Department of State in the role of actually procuring these contracts without foreign competitors.

The fact is that these are the last areas, someone pointed out that the electronics and avionics and aircraft areas are where we have a comparative trade advantage.

What has occurred here, of course, is that many nations seek to gain that technology, to leapfrog over the years of development and the dollars that we have spent, and we spend a disproportionate, perhaps the majority of our research and development dollars in these areas. So is it any wonder they are seeking to do so, to gain that particular type of competitive edge? We know in consumer goods all around us that they have attained a comparative advantage, because we have chosen not to emphasize those products, but this is the one last refuge where we have some advantage in these areas.

So I hear my colleagues talking about the Europeans and talking about others, but in examining it, I found that it is U.S. firms, aircraft and avionics and electronics firms, competing against one another.

In fact, in the private sector they found that two-thirds, 66 percent of the contracts that we have in aircraft and electronics, are offset in terms of OMB. Two-thirds of the jobs go in that direction, mandatory offset types of agreements.

I think it is time to come out of the dream world of free trade and face reality in terms of what is going on and start to stand up for American workers and businesses in this country.

I am pleased to see this administration, at least the Commerce Department, respond. It is ironic to me that the Department of Defense claims to be so concerned about the confidentiality of data when they are in the forefront of spreading it all over.

Mr. Chairman, I rise to express my strong opposition to the terms of the FSX agreement between the United States and Japan. I regret that the Senate did not muster a majority of votes to stop the FSX deal. However, while we cannot completely stop this deal at this time, we do have a significant opportunity here to improve the terms of this transaction.

The aerospace industry is clearly the one bright spot in our foreign trade relations. This industry consistently runs a big surplus rather than a deficit. It would be sheer folly for the United States to give away this advantage. No other county, and certainly not Japan, would be so foolish as to give away its best technology from one of its best performing industrial sectors.

The FSX agreement provides for the modification of the General Dynamics F-16 single-engine fighter plane by giving the plane a longer fuselage, larger wings, and improved maneuverability. Proponents of this agreement, both in the Bush administration and in the previous Reagan administration, have said that there are significant mutual benefits to pursuing this coproduction agreement. Some have even said that we will receive Japanese technology involving composite materials to be used in the redesigned wing, for example. However, a recent study released by the General Accounting Office [GAO] contradicts this claim and suggests that rather than a two-way technology transfer, this agreement is more characteristic of a one-way transfer of technology; from the United States to Japan.

We have seen time and time again how the Japanese Government and its private companies have worked cooperatively to establish Japanese dominance in certain industries and markets. The Japanese position in electronics did not occur simply by chance, but was the result of a deliberate and prolonged policy. As an example, Japanese production of high-quality semiconductors has enabled that nation to carve out a dominant share of the world market.

Many observers believe that Japan is committed to developing a stronger and more competitive aerospace industry. Mitsubishi already manufactures commuter and business aircraft through one of its subsidiaries. It does not take much imagination to foresee the day when Mitsubishi may advance to building heavy commercial aircraft to compete with our own Boeing and McDonnell Douglas aircraft as well as Europe's Airbus Industrie consortium aircraft. While this may eventually happen it should not be hastened because of a U.S. technology giveaway. The cross-transfer of military aircraft technology to commercial aircraft technology is a clear fact. Many of today's most popular commercial aircraft can trace their technological lineage back to military aircraft. When we view the pending FSX coproduction agreement in this context, it is clear that we are talking here about much more than simply one fighter airplane.

Recently, the Banking Subcommittee on Economic Stabilization, on which I serve, held a hearing on the FSX agreement. Regretably, the Bush administration declined the subcommittee's invitation to testify and to respond to the concerns of the Members. One of the most important issues which still must be resolved is how big a share of actual FSX production will we be guaranteed.

I strongly support the Bruce amendment which provides that the total value of U.S. production will be no less than 40 percent, including the value of spare parts and support items. Additionally, I strongly support the provisions of the Bruce amendment which express the sense of Congress that the President should seek in the separate production agreement to prohibit the transfer of critical engine technologies, including technology related to digital fuel control and the hot section

of the engine where combustion occurs.

Further, the Bruce amendment directs the General Accounting Office to monitor the implementation of the FSX agreement and to submit annual reports to Congress. The Defense Department is also directed to regularly solicit and consider the comments of the Commerce Department on all future agreements relating to the FSX project.

It is worth noting here that there has been a division of opinion between the Defense Department and the Commerce Department not only on this FSX agreement, but also on other defense coproduction agreements. Each of these departments brings a different perspective to this issue. The Commerce Department's warnings about the possible future negative impact upon our aerospace industrial sector should be better understood and considered rather than ignored.

We may not be able to stop this FSX agreement from proceeding, but we can help improve the terms of the agreement by supporting the Bruce amendment.

Mr. Chairman, this FSX agreement is just the tip of the iceberg concerning DOD foreign procurement and sale decisions. The fact is, that the Department of Defense and the Department of State have been all too ready to yield key U.S. technologies for a short-term profit gain by a U.S. manufacture or contractor at the cost of the long-term health of the U.S. economy. It is wrong to pursue foreign policy on the basis of selling out U.S. employment, jobs and our future economic health. But that is what has happened in case after case with U.S. military sales abroad the FA-18 fighter aircraft or the AWACS system. Offset, coproduction, joint production, countertrade the terms which conote the deals are marked in tones and phases of cooperation but the end result is to often the same, the literal give away of U.S. technological and research fruits for little or nothing.

Congressional initiated law required the Office of Management and Budget to collect important data from private U.S. electronics and aircraft firms which indicates that fully 66 percent of the sales made abroad result in offset counter trade agreements. The price of the sale therefore mandates that 66 percent of the employment benefits and economic stimulation is absorbed by the foreign purchaser. Worst yet is that in many instances there is an absolute demand to produce the product or a component of the system in such foreign nation at an elaborate cost and of course transferring the technology and know how for a fraction of the value.

It is time for our trade policy to wake up to reality, for at least our National Government and the DOD to help give American business and workers a fair shake. With the bulk of U.S. R&D being spent on electronics and avionics is it any wonder that the foreign nations demand such trade agreements.

Obviously, we have yielded the market to such foreign competitors in a host of other areas—must we now set them up as our competitors in the last refuge of products where we have a small lead in avionics and electronics. One that American taxpayers have, in fact, paid for in blood sweat and tears.

Mr. Chairman, that is why I support the Solomon amendment and other initiatives that recognize reality rather than the dream world of free trade. Until U.S. policy comes to grips with such blatant abusive practices of trade and sets a policy path of trade with fair rules, this type of inequitable situation will persist.

Here the Japanese Government has the United States Departments of Defense and State doing their bidding and this is not the first time they have played that role for foreign nations. Hopefully, this practice will be seen for what it really is in the near future, but today this administration and this FSX agreement need a message hopefully, this will cause a basic change in policy that is so needed. And then maybe some day in the not to distant future trade will not be the lowest common denominator, of what our imagined competitors are willing to give away but rather based on the comparative advantages of respective national economies. Ironically, we often find U.S. firms or branches of the service vying with one another in an effort to make a foreign sale, enshrining their products in the market place with a short-term profit or lower unit price being the pittance for the long-term health of the whole U.S. industrial and technology base.

Too often I've felt like a voice in the wilderness voicing such concerns but hopefully today the U.S. Department of Commerce and other Members of Congress are starting to come to grips with long-term implications of such actions. I'm pleased with attention and the response there is plenty of work to do in setting this policy right.

Mr. BRUCE. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Chairman, the amendment which is before us today has nothing to do with retribution against Japan. What it has to do with is simply common sense. If the Japanese want to develop a fighter aircraft, it certainly is their decision to make, but once they are prepared to invest twice the cost of the F-16 into this project, it is clear they are looking for more than hardware. They are looking for technology. They are looking for business. They are looking for future opportunities.

Now, that is a natural inclination, and quite frankly, the Japanese have been very successful in developing this sort of technology, and I might say with some regret, taking our jobs in the process.

Is it unreasonable for us at this moment to suggest that if we are going to enter into this agreement with the Japanese if we are in fact going to coproduce, codevelop this plane, that we at least have some restriction on the transfer of this information, that we at least have some restriction on their passing along this information to third parties that might be used against the United States in an economic situation?

I, for one, think this is a totally reasonable amendment. It is a fact that Japan is our ally, as the gentleman from New York has said, but the fact is, too, that on an economic basis we are in competition with our ally. If we are not going to surrender the means for the United States to protect its own economy and to develop its own economy, we need a reasonable amendment, such as is being offered by my colleague, the gentleman from Illinois [Mr. BRUCE].

Mr. Chairman, I rise in strong support of the amendment. I hope all those in the Chamber who value not only the future of our aerospace industry, but the future of our relationship with Japan, will also support this amendment.

Mr. HUNTER. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. SMITH].

Mr. SMITH of Florida. Mr. Chairman, I thank the gentleman for yielding this time.

I just want to take this small amount of time to say that I have enjoyed the debate immensely, but like other debates, unfortunately we have fallen into the same pattern of rather duplicitous statements.

One of the Members talked about the reality of this as being a signficant thing for the United States and was very much in favor of what had been negotiated by the White House.

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Yet, when it comes time to putting into writing what the White House says is the understanding between the parties, and that is what the Bruce amendment does, everybody runs away from wanting that done.

How can we support what the White House did, what Japan has agreed to, if we will not support putting it in writing? Is the United States going to be somewhat of an itinerant vagrant on the desert who, when approached by somebody who says, "I can make or give you a machine that makes water," we are not going to get a guarantee for our money before we accept it? Are we

just going to take everybody at face value?

Mr. Chairman, we have been burned thousands of times diplomatically. Is it not time for the United States to stand up for itself and say, "We believe you, but we believe what President Reagan used to say," and I cannot say it in Soviet, "Trust, but verify." "If you want this, we will give it to you, but we want 40 percent. Give that to us."

Americans do not deserve any less.

Mr. LEACH of Iowa. Mr. Chairman, I yield 3 minutes to the gentleman from New Mexico [Mr. SCHIFF].

Mr. SCHIFF. Mr. Chairman, I am opposed to the FSX agreement, but I am also opposed to this amendment.

I voted for the resolution of disapproval a few minutes ago. I will not go over the reasons again, but I think they were well stated in the debate at that time.

I wish in the other body that the other body had also rejected the FSX agreement. If the other body had rejected the agreement, we would not be debating this amendment now. There would be no need to, but they did not disapprove it, and, therefore, it will take effect.

The problem with this amendment, although it is well-intentioned, is in exactly what its principal sponsor states: It seeks to control negotiations for a future memorandum of understanding. The problem is that is an unacceptable intrusion of the Congress into the constitutional prerogatives of the Executive.

We had the opportunity for a straight up-or-down vote by the Congress, which is our place under the law, and we did not vote the FSX down because of the other body's vote.

I think that with all of the problems of the FSX agreement, I think this amendment, which places the Congress at the negotiating table along with the Executive where it just does not belong in this or in other circumstances, is a worse idea, and I hope that the amendment is defeated.

Mr. HUNTER. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. LEVIN].

Mr. BRUCE. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN of Michigan. Mr. Chairman, I must confess that I am a bit confused by some of the arguments against the Bruce amendment. The distinguished gentleman from Iowa called it protectionism. Protectionism.

Somehow to protect and fight to protect intellectual property is not protectionism, but to fight to preserve our technical know-how, somehow that is protectionism. It is a smokescreen.

There is a basic weakness here. We did not press the Japanese to buy our plane off the shelf, and now we are fighting to preserve some semblance of our advantage, which is called protectionism.

It is said that it will cause renegotiation. Well, so what? If the deal is inadequate, why should we quiver in our boots?

The New Prime Minister of Japan said just yesterday that he urged his country to embark upon rectifying those institutions and practices that are objectively viewed as unfair. Why can we not stand and pressure the Japanese to do what is fair here?

It is said that it is micromanagement. I will make the Members a deal: Let the administration macromanage appropriately, and we will not micromanage.

Finally, it is said, "I voted for Solomon, so I can vote against this amendment." The Solomon amendment is a fig leaf, and do not think that the constituents will let us hide behind it.

This amendment has a few teeth in it. Vote for it. It is a deserved standing-up for the best interests of the United States of America, and no one here should be ashamed of that.

The horse is out of the barn.

The best that can be done now is to make certain that the horse doesn't kick us below the belt.

The Bruce amendment is a step in that direction.

But let us also make certain that we learn the larger lesson of this FSX deal.

The economic position of the United States in the world has significatnly slipped during this decade.

Often it is said this is because U.S. manufacturers can not compete in quality and service.

FSX shows that, while there may be truth to that statement in some cases, it is far from the whole truth.

Japan could have purchased a top-quality fighter plane from the United States at one-third the cost. The Japanese Government insisted instead that its own industry must take the lead in developing a modified version of the United States F-16.

What was the United States reaction? We asked and were told that then-Secretary of Defense Weinberger briefly raised the issue of Japan's buying a United States plane, but did not press it.

Why was a matter of such potential economic significance not passed and not pursued by the President? The answer from the administration in our briefings was: this wasn't a subject deemed worthy of consideration at the Presidential level.

That answer is sad and very telling. That answer tells us much about how ineffectively the United States has reacted during the decade of the 1980's to the dramatic erosion of our economic standing in the world. It helps explain how we find ourselves in 1989 still saddled with annual trade deficits over $100 billion—over $50 billion with Japan alone.

U.S. policymakers who put together the FSX deal acted as if it had no commercial dimension.

The Japanese negotiators labored under no such illusion. They understood that the commercial stakes in aircraft manufacture are very high.

By passing the Bruce substitute, we can at least forbid the giveaway of some of our sensitive aircraft technology. We also send a message that a decision on this type of transaction in the future must be "on the Presidential level"—where by rights this issue should have been all along.

Mr. LEACH of Iowa. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to make several points.

First, in case there is any doubt, the White House will veto this amendment if it is passed. Secondly, while the premises of critics of this are entirely valid, that is, Japan is an unfair trading partner and that Japan wants to build an indigenous aircraft capacity, the conclusions of the critics are bizarre. They defy common sense. What advocates of this amendment want is to turn down 22,000 American jobs, turn down $2.5 billion in trade, and they want Japan to go it alone or in conjunction with our competitors in Europe. They do not want follow-on sales which will be tied to U.S. industry by this amendment.

Jobs are what American workers want. Jobs are what the Bush approach provides. I say stand up for the President of the United States and for the American worker, and do not stand for the Japanese industrialists and the European competitors who drool for passage of the Bruce amendment.

Mr. SOLOMON. Mr. Chairman, I yield 1 minute to the gentleman from South Carolina [Mr. SPRATT].

Mr. SPRATT. Mr. Chairman, I rise in favor of Senate Joint Resolution 113, and in support of the Bruce amendment.

I do not understand why so many seem so surprised that the Japanese want to codevelop and coproduce the FSX. The Japanese coproduce the F-15, when they could buy it at half the cost from McDonnell Douglas; they coproduce the Hawk missile, when they could buy it for far less from Raytheon; they build the P-3C in Japan, instead of buying it from Lockheed, where the airframe has been made for more than 30 years.

A couple of years ago, I took part in the Shimoda Conference in Japan, and I recited these facts just to show that the Japanese certainly do not follow the principles of free trade when it comes to aerospace, one sector where the United States has a clear competitive advantage. An American at the conference responded by saying that he had been interning at MITI for over a year, and make no mistake about it, the Japanese were determined to build a defense industry,

using firms like Mitsubishi, which he specifically mentioned.

Well, if the country with whom we run our largest deficit will not trade with us freely in aerospace and agriculture, then we need to rethink our trade policy, which is bottomed on the belief in free trade. That's why I voted for the Gephardt amendment and for managed trade for textiles, apparel, and shoes.

But in reality, there is little we can do about the FSX agreement. The FSX codevelopment package comes to us as a fait accompli. The Senate has refused to reject the sale, and, in truth, there is not much either the House or Senate can do about it without undercutting the President and backing out of an agreement our Government has already made. Since the resolution before us is the only opportunity we in the House have to express our dissatisfaction with the sale, I support it; but I do think we should strengthen it with the Bruce amendment.

I support this resolution, as modified by the Bruce amendment, for three reasons.

First, I hope it will help American firms get a share of the production work.

Second, I hope it will discourage misuse of technology important to our national security.

Third, I hope it will serve notice on the administration of our displeasure. If this "fuss" over the FSX serves no other purpose, I hope it puts the administration on notice that if they strike another deal that does so little for our economic interests, they do it at their own risk. With our intractable trade deficit, we cannot afford to keep being so docile in the way we deal with our allies and trading partners; we cannot continue subordinating our trade and economic interests to defense and foreign policy interests.

The results of our open and Japan's closed markets are stated starkly in our trade figures. In 1980, the United States trade deficit with Japan was $9 billion, by 1984 it was $30 billion, and since then it has averaged over $50 billion annually. Despite deep depreciation of the dollar against the yen, which began in 1985, the United States deficit with Japan continues with little abatement, and it remains by far the largest deficit we run with any of our trading partners. The 1988 deficit of $55 billion represented more than 40 percent of our trade deficit with the entire world. We will never balance our international deficit without reducing Japan's 40-percent share of it; and the FSX agreement does little to that end.

Under the theory of comparative advantage, each nation should produce and export those products it can make at the best quality and lowest price. Everyone benefits, so the theory goes, because we all pay the lowest price for the best goods. Unfortunately, as the FSX sale shows, this principle is not practiced by all those who preach it. By all accounts, the United States manufactures the best fighter aircraft in the world. Yet the Japanese have chosen to develop and produce their own fighter aircraft at up to two and one half times the cost of buying a United States-made plane.

There are several good reasons the Japanese should buy directly a United States-made aircraft.

First, the purchase of a fighter made in the United States would show that Japan is willing to work down its astronomical trade surplus with the United States. We often hear the Japanese say that they do not import our products because quality is poor and prices are high. They cannot make that argument here. They are turning down a first-quality American product priced at a fraction of what they will pay Mitsubishi. In spurning this chance, the Japanese reveal just how little they are willing to do to help us balance our trade accounts with them. The Japanese are electing to pay $48 million for each of the 130 FSX jets they will manufacture instead of the $20 million price of an F-16. The cost of an FSX represents two and one half times the cost of an F-16 and 50 percent more than the cost of a new F-18.

Even though President Bush renegotiated the FSX project to guarantee a larger share of the business to United States companies, the Japanese will still limit access to United States companies. We already have evidence of it. I will give you an example from near my own district. A company based in Charlotte, NC, was told it would not be able to supply to Mitsubishi Heavy Industries a product called prepreg, a fiber-reinforced plastic used for the FSX. Instead, Mitsubishi will be awarding the prepreg contract to one of its sister Japanese companies. This decision was made despite the fact that the Japanese firm does not have the capability for turning prepreg into aircraft parts while the American-based supplier has been doing it for years.

Clearly, a direct purchase would serve the economic interests of Japan and the United States. It would also serve our mutual security interests. Japan spends only 1 percent of its GNP on defense. Since it spends a fixed sum on defense, the $3-$4 billion in excess, unnecessary spending which Japan will be spending on the FSX has to be taken from other defense needs, and Japan has other defense needs. For example, the Japanese have committed to protecting the sealanes surrounding Japan out to 1,000 nautical miles. But they are able to fulfill this commitment only south of the Japanese archipelago, and not north of it, at least not for the full 1,000 nautical miles. The $3-$4 billion in excess cost being spent on the FSX might have been spent on this defense need, to the advantage of Japan and the United States. Richard Perle told the House Armed Services Committee that given the United States defense deficit with Japan as well as the United States trade deficit, we had the right to expect, and should have told the Japanese, that we would accept nothing less than a direct purchase of the FSX, made mostly in the USA.

Another problem with this codevelopment arrangement is it will aid Japan in developing its own aerospace industry. Frankly, I think this argument is overplayed. If the U.S. defense industry, nurtured by nearly $150 billion a year in research, development, and production spending, cannot keep pace with Mitsubishi and Kawasaki, then we have problems that run deeper than this agreement. If Mitsubishi can make the composite wings of this airplane, and by this experience, catch up with or overtake Northrup and LTV, after their experience in building the all-composite B-2, or Lockheed after its experience in building the F-117, or Boeing after its experience in rewinging the A-6, or McDonnell Douglas, after its experience in building an all-composite fighter, the ATA, then the American aerospace industry has no one to blame but itself. Still, we would hope that the Departments of Defense, State, and Commerce would ask, before making agreements of this kind, whether we want to hold the door for new entrants to the aerospace business. Codevelopment of the FSX will clearly give Japan experience in composites and in systems integration, and it will give them access to source codes for the F-16. Booz-Allen has predicted that by the year 2000, Japan's aerospace production will rise from $7 billion annually to $29 billion—more than a fourfold increase, with much of the production going to exports—undoubtedly displacing our exports. Aircraft and aircraft parts represent the single largest industrial export sector of the U.S. economy. In 1988, the dollar value of these exports totaled almost $20 billion and more than 1 million American jobs are directly dependent on aerospace. Millions of other jobs in electronics and computers are directly tied to our aerospace sector. While it is no wonder the Japanese want to enter this lucrative market, I question the wisdom of helping them through the door.

I also question the wisdom of releasing access to our source codes. The first source code, the mission control computer coordinates, the navigation, communications, radar and armaments and the second, the flight control computer, maintains the aircraft's stability. The renegotiated agreement

with the Japanese does attempt to protect against reuse of these source codes by the Japanese and limits the flight computer technology to fire control. However, such agreements are difficult to police, especially because the Japanese will have access to workable versions of those rewritten programs. Nevertheless, in the final analysis, we have to rely here, as with the Aegis cruiser, on the Department of Defense; if they are comfortable with the release of our source codes, and with Japanese military security, I am inclined to abide by their judgment; but this is another negative and another risk for us in the FSX agreement.

By contrast to what we are giving up, we appear to be getting little new technology in return. The administration touts the claim that we will get two new technologies: active phased-array modules and a cocured composite wing. But an independent study by the General Accounting Office [GAO] has concluded that the technology we would receive is already familiar to and used by U.S. industry.

All these problems point up the flawed manner in which this agreement was made. The only Federal agency participating in the negotiations was the Department of Defense. Neither Commerce nor the U.S. Trade Representative [USTR] played any role in the talks and their approval was never solicited once the deal was struck. While Japan is one of America's closest military allies, she is also our greatest economic rival. In any future agreements of this type, those agencies responsible for our economic interests ought to participate.

Despite my own reservations, the Senate has voted against a resolution of disapproval. So, the only opportunity we now have to register our concerns is to approve this resolution, as amended by the Bruce amendment. The Bruce amendment adds teeth to the committee resolution by narrowing the President's discretion to enter into an unfair production arrangement. The committee resolution expresses the sense of Congress that if the FSX enters production, the coproduction memorandum should prohibit the transfer to Japan of engine technologies and guarantee that the United States firms receive no less than 40 percent of the production work value. It requires periodic reports by GAO and regular consultation between the Defense and Commerce Departments. By contrast, the Bruce amendment requires the production agreement to include a prohibition on transfer to Japan of "critical technologies" relating to jet fighter engines. In addition, the Bruce substitute requires that the coproduction agreement prohibit the sale or transfer by Japan to any third countries of the FSX plane or any of its major subcomponents that were codeveloped or coproduced with the United States. The committee bill omits any outright prohibition and instead gives the President the authority to approve such third-party sales. The legislation, as amended, is a step in the right direction, though it does not address all of the problems with the sale. So, it will help to ensure that United States companies receive a fairer share of the production work, and it could reduce the chances that the technology we provide will be misapplied by Japan.

Frankly, the most we accomplish with this resolution is a shot across the bow of our own administration, warning them that next time, we expect American interests to be protected better. For my part, I believe that that warning will carry more force if it comes in the form of the Bruce amendment.

Mr. BRUCE. Mr. Chairman, I yield 2½ minutes to the gentleman from New Jersey [Mr. TORRICELLI].

Mr. TORRICELLI. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, let us be clear about this debate and what it is we seek to achieve.

The option of protecting our most vital technologies in aerospace does not exist. It was lost at a negotiating table. The option of protecting our most important export industry may have been jeopardized, but what the Bruce amendment does offer is a chance to make the best out of a very bad situation to correct in this Congress something that was lost at the negotiating table, and I do not understand most of the arguments made here today against it.

The administration claims it is protecting the most vital engine technologies. The Bruce amendment simply prohibits the transfer of that technology. The administration claims that it will protect against the transfer to third parties by sales. The Bruce amendment simply prohibits those sales. The administration claims it is going to attempt to protect production by claiming 40 percent of it for America. The Bruce amendment simply requires that that be done.

The Bruce amendment makes sense. It makes, by memorandum, by law, the things the administration claims that it is already doing. Indeed, it does no more than we have done in previous agreements.

When the United States sold important naval technology to the Japanese for the Aegis cruiser, the Japanese required that they keep production. What is it the Bruce amendment would do? We would do the same thing, but with only 40 percent of it.

We are seeking to do with aircraft what the Japanese did for us in naval construction. This debate has appeared to be long and complex. Indeed, it is very simple.

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This is very simple. There is no saying that you are opposed to the FSX but I am going to vote against Bruce. This is the FSX vote. If Members believe in keeping those jobs in America, if they believe in protecting that technology, they have one vote on one issue.

Vote for the Bruce amendment. Correct in this Congress what we failed to correct at the negotiating table. There are industries, there is technology, there are American workers who are counting upon us.

Mr. HUNTER. Mr. Chairman, I yield myself my remaining 2 minutes.

My colleagues, let me make my position absolutely clear. I am with the Bruce amendment, but I am voting for the Bruce amendment because I think indeed, as it has been described, the Bruce amendment is a show stopper.

I am against the FSX transfer, and the reason I am against the FSX transfer, and I believe any Member who voted for the Solomon amendment should vote for the Bruce amendment because it puts the full force and effect of the Solomon amendment into effect, but I am against this transfer because the primary beneficiary of this transfer, the Mitsubishi Corp., has sold out the interests of the West.

Let me say I think there is a message to Japan and to the corporate community in Japan in this debate. The message is that a number of American Congressmen have gotten briefings on the Mitsubishi/Libyan connection, and I think it has been well established, at least well enough established in the minds of Members who have voted here to have resulted in a vote of the Solomon amendment of some 320, if I am correct, to 98. A number of those 320, I hope a majority who vote for the Bruce amendment are Members who have gotten those briefings.

They have taken a lot of time. The message to Japan is that they are in fact a player in the world, they are one of the three superpowers in the world and they have a responsibility and they are accountable. Americans are going to find out what they do with respect to technology transfer. They cannot be responsible members of the Western alliance and sell the wherewithal to kill Americans to Mr. Qadhafi. They cannot sell the wherewithal to kill Americans at a Baltic shipyard in the Soviet Union. If they do that, we are going to find out about it.

Now is the time to use leverage because now is when we have leverage, not after this deal is made.

Vote for the Bruce amendment.

Mr. BRUCE. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. KOLTER].

Mr. KOLTER. Mr. Chairman, I rise today in support of the Bruce substitute for the FSX fighter plane agreement with Japan.

I have never been a proponent of the FSX joint venture. I feel, however, that we have reached the stage where adoption of the Bruce substitute is the soundest measure, given its effective safeguards against ill-conceived transfers of vital technological interests.

Let us not fool ourselves, however, regarding the potential consequences of this joint venture. I truly believe that Japan's military aircraft policy represents an attempt to move into the commercial aircraft industry, an attempt which should not be made at America's economic expense.

We should, therefore, exercise the greatest prudence, the greatest caution, and the greatest concern in the ultimate execution of this joint venture.

Approximately 1 year ago, the columnist Richard Reeves wrote that "Westerners do have to think about being the noncommissioned officers in Japan's economic army." I certainly do not want that to be the case. We will not be the noncommissioned officers in any nation's economic army if we demonstrate prudence and foresight in our dealings with foreign nations, when the health of vital American businesses are at stake. This is why I will support the Bruce substitute.

Mr. BRUCE. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. GEPHARDT].

Mr. GEPHARDT. Mr. Chairman, let me first commend my friend, the gentleman from the great State of New York [Mr. SOLARZ] for his diligence, his intelligence, and his hard work in trying to improve on what the Senate did, and to get this agreement tied down as well as it could be. We differ on what ought to be done. He is not in favor of the Bruce amendment and I am, and I hope Members will listen closely to what this is about so they will understand that this is not a free vote. There is not a way to vote for the Solomon amendment, which I would have in another day hoped would have been the law and the position of the Congress, but we were not afforded that opportunity because of what happened in the Senate, but by having voted for Solomon, in my opinion, Members have not voted for the position that will pin down this deal as well as it can be pinned down.

This is an issue of economics. It is not just an issue of defense. When we had the military people in to brief us on this deal, one of us asked them if this were a trade and economic deal alone, would they have approved of it, and their answer was "This has nothing to do with trade."

Ladies and gentlemen, it has everything to do with trade. The two issues that are at stake in the Bruce amendment are first, whether we will transfer the critical engine technology and; second, whether the Japanese will easily be able to transfer all of this technology to third parties later, which is the position that can only truly be pinned down by the Bruce amendment.

The second aspect of this is how we can get something on the President's desk, and it is here that the fine gentleman from New York and I, I think, disagree. I think the best way to get something definitive on the President's desk is to pass the Bruce amendment, because by doing that we are passing language which is identical to the Senate language, which means it will go directly to the President's desk.

In short, if Members mean to pin this deal down on behalf of the trade and economic interests of the United States, vote for the Bruce amendment.

Mr. SOLARZ. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. RITTER].

Mr. RITTER. Mr. Chairman, I thank the gentleman for yielding to me this time.

We are talking about pinning down in this amendment 40 percent of a production share that we do not know anything about. We have not gone through the development, so we do not know what we are going to produce. Maybe it is more than 40, maybe it is less, but we cannot pin down a production share when we are not even sure about the product that we are going to produce.

A representative of Boeing in testimony with regard to what the aerospace industry's view is, and Boeing does not have a share of this deal at all, said:

> The key here, I think, is a determination to be competitive. I don't care whether it's sports or somewhere else, being competitive by holding onto your opponent doesn't work. You win by running faster than the other guy.

He goes on to say:

> From our standpoint, an educated work force, a well-trained, educated work force, is far more critical to our long-term competitiveness than trying to block a piece of technology transfer.

We have already tied down the critical jet engine technology. But maybe in 1994 this is not so critical anymore and we may wish to transfer it. Are we going to legislate for 1994?

Mr. SOLARZ. Mr. Chairman, for the purposes of concluding the debate, I yield myself my remaining 3½ minutes.

Mr. Chairman, we have gone through a lengthy debate on this amendment. My guess is it will pass. Whether it passes with a veto-proof majority remains to be seen.

I believe, however, that it would be a mistake to adopt this. I think it is gratuitous in the sense that the problems it is designed to deal with, the transfer of critical engine technologies to Japan and the retransfer by Japan of the FSX or any technologies derived therefrom to other countries, is not something that we need particularly to be concerned about, because the administration has indicated it has no intention of approving them.

□ 1810

And in any case, the Congress retains the power to disapprove any subsequent decision by the administration to transfer or approve the retransfer of these technologies.

By enacting this amendment, however, by putting this provision into law we might require a renegotiation of the agreement. And if we do renegotiate the agreement, after it has already been negotiated twice, it could lead to the unraveling of the agreement.

The Japanese, after all, initially wanted to develop the FSX on their own. They only agreed to coproduction and codevelopment after we insisted upon it. If we now pass this amendment, the Japanese might use that as an excuse to back out of the deal entirely. If that were to happen, we lose 22,000 man-hours of work, we lose $2.5 billion. Both of which we can sorely use here in the United States.

I know that many Members feel that if we go ahead with the FSX arrangement we will be undermining the future viability of an important American industry. I can only say that there is not a single Member of the House who would like to see that happen. But surely the aerospace industry, itself, is entitled to the benefit of the doubt when we consider the implications of the FSX deal for their own future.

Who here really understands the significance of the technology involved? I submit there is not a single Member of this body who would recognize a flight control source code or a source code if they had it put in front of them. We do not understand it. But the industry does. What does the industry say? The industry unanimously contends that the FSX arrangement would not compromise their competitive position.

Indeed they say that if Japan went ahead and developed the FSX on their own, that would put Japan in a better position at the turn of the century to compete effectively with them. Therefore, they favor the agreement.

So, I consequently, in conclusion, Mr. Chairman, urge my colleagues to vote against the Bruce amendment.

Mrs. LLOYD. Mr. Chairman, I rise in support of the Bruce amendment to Senate Joint Resolution 113 concerning the FSX agreement between the United States and Japan. Before enumerating my reasons for supporting the

Bruce amendment I wish to comment briefly on the FSX deal as a whole.

First, let me say that I was pleased by the overwhelming support shown today in this Chamber for the Solomon amendment expressing disapproval of the FSX agreement. I do not think that following through with the FSX agreement is in the best interests of the United States. I disagree with the claim made by some of my distinguished colleagues that the Solomon amendment is not pertinent to today's debate because the Senate failed to pass a similar resolution thus permitting the FSX deal to proceed regardless of this Chamber's actions.

By overwhelmingly passing the Solomon amendment we have sent a very powerful message to the administration and the Japanese. To the administration we have said that in today's world economic security is as important as military security. Without a strong, vibrant economy it is extremely difficult to field and maintain a strong military. We can no longer afford to emphasize one over the other. The FSX deal was formulated without any consideration for its probable effects on the U.S. aerospace industry, one of the few American industries which continues to run a trade surplus. It was only after intense congressional criticism that such concerns were even addressed by the administration. This lack of forethought is almost unforgivable and cannot be allowed to happen again.

To the Japanese we have said that the United States will no longer tolerate the unfair trade practices of its allies. If the Japanese truly had the defense of their homeland and the North Pacific sealanes in mind when agreeing to codevelop and coproduce the FSX with the United States, I submit that no such decision would have ever been made. Rather, the Japanese would have purchased what other nations know to be the most advanced and most capable fighter aircraft in the world: The American made F-16. Further if the Japanese were truly sensitive to the fair trade concerns raised here, in the United States, as they so often claim, they could have made a good-faith decision to respond to the concerns of a close ally and purchased the F-16 off-the-shelf. Such a decision would have helped improve the United States trade deficit with Japan and would quite likely have led to reduced tensions over such issues between the two countries.

Despite the clarifications sought by the administration to the FSX deal, execution of the agreement remains counter to American interests. The giveaway of American F-16 technology, particularly the information Japan will gain in systems design, will almost certainly come back to haunt the United States aerospace industry. Years from now economists are likely to point to the FSX agreement as influential in launching a globally competitive Japanese aerospace industry.

Unfortunately, we cannot stop the FSX agreement from going forward. Consequently, I believe Congress must act to strengthen aspects of the agreement which, despite the newly arranged clarifications, continue to concern Members of this body. For this reason I am supporting the Bruce amendment. This amendment will prevent the transfer of highly sensitive engine technology to Japan, prevent the transfer of the fully developed FSX plane—and its technology—to third countries, require GAO oversight of the codevelopment project, and require Department of Commerce participation in negotiations regarding the coproduction agreement.

Mr. Chairman, I oppose the implementation of the FSX agreement and have made this opinion known by voting for the Solomon amendment which disapproves of the FSX deal. If the FSX deal must go forward, as the administration insists, then it must be strengthened to satisfy the concerns of Congress, and therefore, I will support the Bruce amendment.

Mr. FEIGHAN. Mr. Chairman, I rise in strong support of the Bruce amendment. The vote on this amendment will indicate to President Bush that the FSX coproduction is a bad deal—it's is a bad deal because it doesn't make military sense. It doesn't make economic sense. And ultimately, it is not in the best interests of the United States.

On the military side, one has to wonder why the Japanese have chosen not to buy our F-16's "off the shelf." One has to wonder why the Japanese rejected the option of buying F-15, the F-16, or the F-18—each of which would have served Japan's defense needs better than the FSX. Buying the F-16, for example, would have given the Japanese a twin-engine aircraft with greater range and capable of delivering a bigger payload than the FSX.

On the economic side, buying F-16's off the shelf would cost the Japanese half as much as the FSX deal. But beyond the bottom line, we know from the United States Trade Representative's 1989 trade estimate that the Japanese have "targeted" aerospace industry for development. Over the past several years, we have watched while the once vast United States technological lead in several manufacturing industries has been eroded by the Japanese—in electronics, in semiconductors and automobiles. The coproduction agreement before us unnecessarily enhances Japan's ability to compete with our own domestic aerospace industry.

The question is why should we help Japan compete with a sector of our manufacturing economy that maintains a $17 billion trade surplus with the rest of the world? Why should we forfeit our advantage—in any way—when we are the recognized world leader in aerospace engineering? Finally, why should we jeopardize an industry whose success in turn helps advance other feeder industries involved in computers, composite material and metallurgy, and electronics?

The Bruce amendment is the strongest option we have available to us. It ensures that if this deal does go through, vital U.S. technology will be protected. It prohibits the sale or transfer of FSX technology by Japan to third countries. And finally, it ensures that any coproduction agreement arrived at will guarantee a 40-percent workshare for U.S. companies. I think these are the minimum guarantees we should get from the Japanese. And if the resolution results in renegotiation of the entire FSX deal, then so be it. I urge my colleague to support the Bruce amendment.

Mr. FAZIO. Mr. Chairman, I rise today in support of the Bruce amendment in the nature of a substitute to Senate Joint Resolution 113.

Two months ago, when President Bush announced that a final agreement had been reached between the United States and Japan on codevelopment of the FSX aircraft, I opposed the deal. At that time, the FSX agreement represented yet another decision in which the long-term economic interests of the United States were being subjugated to the shortsighted defense and foreign policy considerations of the administration.

The agreement President Bush reached with the Japanese Government on the next generation fighter plane will allow the codevelopment of the FSX by a Japanese corporation, Mitsubishi Heavy Industries and the American corporation, General Dynamics. Under the agreement, General Dynamics and other U.S. firms will provide technology and technical assistance, and will perform part of the work. Mitsubishi Heavy Industries will be the prime contractor. Roughly 40 percent of the development work will be allocated to General Dynamics and other U.S. companies. In order to accomplish the design modifications, Mitsubishi and its subcontractors will receive detailed technical data on the F-16, including design and test data. In return, United States firms are to be granted access, free of charge, to any new Japanese technology derived from the technology the United States provides. However, formal agreements governing allocation of production work will not be negotiated until a later stage of the project.

I, along with many of my colleagues, question whether the Japanese are shouldering their fair share of the international security burden. Japan's defense budget is less than one-tenth the size of the United States defense budget. This arrangement provides the Japanese with an immense commercial advantage in trade competition over the United States and other Western nations. If United States defense expenditures could be cut to the same per capita level now being made by the Japanese, the savings would amount to a quarter of a trillion dollars a year.

While no one would oppose the Japanese contributing more financially to our mutual defense, the FSX is not being used to address mutual military requirements in the most cost-effective way. Rather, it seems that the FSX deal is little more than a way to disguise subsidies to what the Japanese hope will be an emerging export industry.

As the Senate narrowly voted to approve the deal, and both bodies of Congress would have had to disapprove it in order to halt the agreement, today's vote is to reach an agreement that will best protect American interests.

The Bruce amendment is in the nature of a substitute that is identical to the version of the resolution passed by the Senate. The amendment requires monitoring and periodic reports by the General Accounting Office [GAO]. Also, the Commerce Department is required to monitor and analyze the impact of the FSX program on the international competitive position of U.S. industry. Further, the substitute expresses the sense of Congress that the coproduction agreement should specify that the U.S. share of the production work will be at least 40 percent. The two provisions which separate the Bruce amendment from the Foreign Affairs Committee version are extremely

29-059 O-90-39 (Pt. 8)

important to the United States and have persuaded me to support the substitute:

First, the substitute requires that the agreement negotiated between the United States and Japan governing the production phase of the project include a prohibition on the transfer to Japan of "critical technologies" relating to jet fighter engines. By comparison the committee reported resolution simply expresses the sense of Congress that the administration should endeavor to secure such a prohibition as part of the production agreement.

Second, the Bruce substitute requries that the coproduction agreement also prohibit sale or transfer by Japan to any third countries of the FSX plane or any of its major subcomponents that were codeveloped or coproduced with the United States. The committee resolution does not contain any outright prohibition on transfers by Japan.

Mr. Chairman, while I am concerned about the consequences of the FSX agreement, I believe Mr. BRUCE's amendment preserves the interests of the United States and I urge my colleagues to support his efforts.

Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Illinois [Mr. BRUCE] to Senate Joint Resolution 113, to implement the codevelopment agreement of the FSX weapons system.

Mr. Chairman, I am a cosponsor of House Joint Resolution 254, to disapprove the FSX agreement with Japan. I continue to believe the administration's FSX agreement with Japan is a bad deal for the United States. This agreement could have serious long-term impact on U.S. competitiveness. According to the General Accounting Office, we are providing the Japanese 7 billion dollars' worth of advanced aerospace technology, and we are getting nothing in return. The technology that Japan has generously agreed to share with the United States is already well known to our domestic aircraft industry.

Mr. Chairman, I do not believe Japan agreed to the FSX codevelopment deal with the United States for the sole purpose of strengthening their air defenses. If that were the case, Japan could have purchased American made F-16 fighter aircraft. It would cost the Japanese less to buy the F-16 than it will cost to develop the FSX. Furthermore, the F-16 would serve Japan's defense needs more adequately than the FSX.

Instead, I believe Japan sought the FSX codevelopment deal in order to acquire American aerospace technology. The United States Trade Representative has stated that Japan has targeted its aerospace industry for development. Within 20 years, Japan wants to make aircraft production one of its major industries. If Japan achieves its goal, it will have serious implications for our domestic aerospace industry, which employs more than 1.3 million Americans.

Mr. Chairman, the United States continues to suffer from a massive trade deficit with Japan. In 1980, our trade deficit with the Japanese was $10 billion. Over the past 4 years, our trade imbalance with Japan has averaged well over $50 billion. While this trade deficit continues to cost American workers their jobs, the Japanese are taking advantage of their growing trade surplus to increase direct investments in United States farms, banks, buildings and real estate.

Mr. Chairman, I am at a complete loss to understand why we would want to provide the Japanese with technology they can use to increase their trade surplus with the United States at the expense of American workers and American businesses.

Regrettably, the Senate failed to approve a resolution to disapprove the FSX deal with Japan. As a result, the administration has begun to implement the FSX agreement. The Bruce amendment will at least make certain that U.S. technology is protected and that Congress will have a role in enforcing the terms of the FSX agreement.

First, the Bruce amendment will ban the transfer of critical United States engine technology to Japan. Second, the Bruce amendment will prohibit the Japanese from selling or trading the FSX technology to a third country. Finally, the Bruce amendment will make certain the U.S. firms receive a 40-percent share of the production of the FSX.

Mr. Chairman, I would prefer to be voting for a resolution to disapprove the FSX agreement. However, with the defeat of that resolution in the Senate, killing the FSX agreement is no longer possible. Instead, I urge my colleagues to vote for the Bruce amendment which will protect the interests of U.S. firms and workers.

Ms. LONG. I rise in support of the amendment offered by the gentleman from Illinois [Mr. BRUCE] to confront major problems with the FSX development agreement, and to provide safeguards in future negotiations with Japan. I also wish to express my regret that this House was not able to consider a resolution of disapproval on the FSX agreement during the appropriate 30-day time period. I was a cosponsor of H.R. 254 offered by the gentleman from California [Mr. LEVINE] to disapprove of the FSX agreement.

The reason I cosponsored H.R. 254, and the reason I support the Bruce amendment today is that I believe the FSX deal is fundamentally flawed. I believe that the agreement will adversely affect our defense security as well as our technology base. We must safeguard against further compromising our jet engine technologies in this instance, just as we must be cautious about other transfers of U.S. technologies in the future.

The Bruce amendment would prohibit our negotiators from agreeing to provide Japan with our critical aerospace innovations as the FSX is produced. The measure would also strictly prohibit Japan from selling the new fighter plane or any part of it.

Mr. Chairman, we are not developing the FSX for the commercial benefit of the Japanese, but for our mutual security. I urge my colleagues to support the Bruce amendment to ensure that the Japanese will not give our defense technologies to whomever they choose.

The CHAIRMAN. All time has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Illinois [Mr. BRUCE].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. LEACH of Iowa. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device and there were—ayes 262, noes 155, not voting 16, as follows:

[Roll No. 79]

AYES—262

Ackerman	Garcia	Miller (CA)
Akaka	Gaydos	Mineta
Alexander	Gejdenson	Moakley
Anderson	Gephardt	Mollohan
Andrews	Gilman	Moody
Annunzio	Glickman	Morella
Anthony	Gonzalez	Morrison (CT)
Applegate	Gordon	Murphy
Atkins	Gray	Murtha
AuCoin	Guarini	Myers
Barnard	Gunderson	Natcher
Bates	Hall (OH)	Neal (MA)
Bennett	Harris	Neal (NC)
Bentley	Hatcher	Nelson
Berman	Hawkins	Nowak
Bevill	Hayes (IL)	Oakar
Boggs	Hayes (LA)	Oberstar
Bonior	Hefner	Obey
Borski	Henry	Olin
Bosco	Herger	Ortiz
Boucher	Hertel	Owens (NY)
Boxer	Hoagland	Pallone
Brennan	Hochbrueckner	Panetta
Brooks	Holloway	Pashayan
Browder	Hopkins	Patterson
Brown (CO)	Horton	Payne (NJ)
Bruce	Hoyer	Payne (VA)
Bryant	Hubbard	Pease
Burton	Huckaby	Pelosi
Bustamante	Hughes	Penny
Campbell (CO)	Hunter	Perkins
Cardin	Hutto	Pickle
Carper	Jacobs	Poshard
Carr	Jenkins	Price
Chapman	Johnson (SD)	Rahall
Clarke	Johnston	Rangel
Clay	Jones (GA)	Ray
Coelho	Jones (NC)	Regula
Coleman (MO)	Jontz	Richardson
Coleman (TX)	Kanjorski	Rinaldo
Conte	Kaptur	Robinson
Conyers	Kasich	Roe
Cooper	Kastenmeier	Rogers
Costello	Kennedy	Rose
Coyne	Kennelly	Rostenkowski
Crockett	Kildee	Roth
Darden	Kleczka	Roukema
Davis	Kolter	Rowland (CT)
Dellums	Kostmayer	Rowland (GA)
Derrick	LaFalce	Roybal
Dingell	Lancaster	Russo
Dixon	Lantos	Sabo
Donnelly	Laughlin	Sangmeister
Dorgan (ND)	Leath (TX)	Sarpalius
Douglas	Lehman (CA)	Savage
Downey	Lehman (FL)	Sawyer
Duncan	Leland	Saxton
Durbin	Levin (MI)	Schroeder
Dwyer	Levine (CA)	Schuette
Dyson	Lewis (FL)	Schulze
Early	Lewis (GA)	Schumer
Eckart	Lipinski	Sharp
Edwards (CA)	Lloyd	Shays
Emerson	Long	Shuster
Engel	Lowey (NY)	Sikorski
English	Luken, Thomas	Sisisky
Erdreich	Manton	Skaggs
Espy	Markey	Skelton
Evans	Martin (IL)	Slattery
Fazio	Martinez	Slaughter (NY)
Feighan	Matsui	Smith (FL)
Flake	Mavroules	Smith, Robert (NH)
Flippo	McCloskey	Spratt
Foglietta	McDermott	Staggers
Ford (MI)	McHugh	Stark
Ford (TN)	McMillen (MD)	Stokes
Frank	McNulty	Studds
Frost	Meyers	Swift
Gallegly	Mfume	

Synar	Traxler	Weldon
Tallon	Udall	Wheat
Tanner	Unsoeld	Whitten
Tauzin	Vento	Wilson
Thomas (GA)	Visclosky	Wise
Torres	Volkmer	Wolpe
Torricelli	Walgren	Yates
Towns	Watkins	Yatron
Traficant	Waxman	

NOES—155

Archer	Hammerschmidt	Quillen
Armey	Hancock	Ravenel
Aspin	Hansen	Rhodes
Baker	Hastert	Ridge
Ballenger	Hefley	Ritter
Bartlett	Hiler	Roberts
Barton	Hyde	Rohrabacher
Bateman	Inhofe	Saiki
Beilenson	Ireland	Schaefer
Bereuter	James	Schiff
Bilbray	Johnson (CT)	Sensenbrenner
Bilirakis	Kolbe	Shaw
Bliley	Kyl	Shumway
Boehlert	Lagomarsino	Skeen
Broomfield	Leach (IA)	Slaughter (VA)
Bunning	Lent	Smith (IA)
Byron	Lewis (CA)	Smith (MS)
Campbell (CA)	Lightfoot	Smith (NE)
Chandler	Livingston	Smith (NJ)
Clement	Lowery (CA)	Smith (TX)
Clinger	Lukens, Donald	Smith (VT)
Coble	Machtley	Smith, Denny (OR)
Combest	Madigan	Smith, Robert (OR)
Coughlin	Marlenee	Snowe
Cox	Martin (NY)	Solarz
Craig	Mazzoli	Solomon
Crane	McCandless	Spence
Dannemeyer	McCollum	Stangeland
de la Garza	McCrery	Stearns
DeFazio	McCurdy	Stenholm
DeLay	McDade	Stump
DeWine	McEwen	Sundquist
Dicks	McGrath	Tauke
Dornan (CA)	McMillan (NC)	Thomas (CA)
Dreier	Michel	Thomas (WY)
Dymally	Miller (OH)	Upton
Edwards (OK)	Miller (WA)	Valentine
Fascell	Molinari	Vander Jagt
Fawell	Montgomery	Vucanovich
Fields	Moorhead	Walker
Fish	Morrison (WA)	Walsh
Frenzel	Mrazek	Weber
Gallo	Nagle	Weiss
Gekas	Nielson	Whittaker
Gillmor	Oxley	Wolf
Gingrich	Packard	Wright
Goodling	Parker	Wylie
Goss	Parris	Young (AK)
Gradison	Paxon	Young (FL)
Grandy	Petri	
Grant	Pickett	
Hall (TX)	Porter	
Hamilton	Pursell	

NOT VOTING—16

Brown (CA)	Florio	Schneider
Buechner	Gibbons	Stallings
Callahan	Green	Williams
Collins	Houghton	Wyden
Courter	Owens (UT)	
Dickinson	Scheuer	

□ 1832

The Clerk announced the following pairs:

On this vote:

Mr. Florio for, with Mr. Dickinson against.

Mrs. Collins for, with Mr. Buechner against.

Messrs. GALLEGLY, MATSUI, BUSTAMANTE, and ORTIZ changed their vote from "no" to "aye."

So the amendment in the nature of a substitute was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Pursuant to House Resolution 165, the question shall not be put on the adoption of the Foreign Affairs Committee amendment in the nature of a substitute, as amended, and that question shall be deemed to be disagreed to.

Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HUGHES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the Senate joint resolution (S.J. Res. 113) prohibiting the export of technology, defense articles, and defense services to codevelop or coproduce the FSX aircraft with Japan, pursuant to House Resolution 165, he reported the Senate joint resolution back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the third reading of the Senate joint resolution.

The Senate joint resolution was ordered to be read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. BROOMFIELD

Mr. BROOMFIELD. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the Senate joint resolution?

Mr. BROOMFIELD. Yes, I am, Mr. Speaker, in its present form.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BROOMFIELD moves that the joint resolution (S.J. Res. 113) be recommitted to the Committee on Foreign Affairs with instructions to report the resolution back to the House forthwith with the following amendment: Strike out all after the resolving clause and insert in lieu thereof the following:

SECTION 1. SENSE OF CONGRESS CONCERNING CO-DEVELOPMENT OF THE FSX AIRCRAFT BY THE UNITED STATES AND JAPAN.

(a) SENSE OF CONGRESS.—It is the sense of Congress that the United States Government should not give its approval under section 38 of the Arms Export Control Act to the commercial technical assistance and manufacturing licensing agreement involving the export of technical information relating to the design, development, and production of a Model FSX aircraft in Japan.

(b) DESCRIPTION OF AGREEMENT.—The agreement referred to in subsection (a) is the agreement which is the subject of the proposed approval described in the President's certification submitted to Congress pursuant to section 36(d) of the Arms Export Control Act on May 1, 1989 (transmittal number MC-9-89.)

Mr. BROOMFIELD (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The gentleman from Michigan [Mr. BROOMFIELD] is recognized for 5 minutes in support of the motion to recommit.

Mr. BROOMFIELD. Mr. Speaker, the motion that I am offering would reinstate the Solomon amendment which passed overwhelmingly by a vote of 320 to 98. Now, we would ask the Members to put this popular amendment back on top of the bill because the Solomon amendment is the only way the House can clearly express its opposition to this agreement.

The Solomon amendment is not mere symbolism, Mr. Speaker, if we adopt it here today, this would go directly to the conference with the Senate. This would provide the 2 Houses of Congress an opportunity to agree on a common approach to this serious issue. Let me say that then we would have a chance and hopefully the administration would be able to work with the conferees of both Houses and come up with something that would be acceptable.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. BROOMFIELD, I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman for yielding.

Mr. Chairman, let me say to my colleagues that during the debate on the amendment which was just passed, one of the Members said that a vote on the Bruce amendment was the vote on the FSX. I would suggest that the vote on the FSX is the one we are about to take on this recommital motion.

The Bruce amendment approves the FSX sale with conditions. It is an amendment, a resolution of approval. That is what the Members would be voting for, as they did just a few minutes ago. A vote to recommit, with my language, is a substantive vote against the FSX, and it would put the House on record unconditionally as being opposed to this FSX sale.

What would be the practical effect if this motion to recommit carries? The position of the House on FSX would be unequivocally clear to the President and everybody else, and our position would have to be reconciled with that of the Senate. The parliamentary situation thus created would serve to give Congress a second chance to do away with the FSX deal altogether. The 30-day period that we heard so much about during the debate on my amendment is a point that then would become moot, and Congress could launch an initiative at any time to prohibit the technology transfers that are necessary to consummate the FSX sale.

So the stakes here have escalated considerably. If we really want to stop the FSX, this is our vote right now. This is one that means something. Let

us vote against the FSX by voting for this recommital motion.

Mr. BROOMFIELD. Mr. Speaker, I reserve the balance of my time.

Mr. SOLARZ. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER. The gentleman from New York [Mr. SOLARZ] is recognized for 5 minutes in opposition to the motion to recommit.

Mr. SOLARZ. Mr. Speaker, the motion to recommit would substitute the Solomon amendment for the Bruce amendment which has already been adopted. Earlier in the day the House voted overwhelmingly for the Solomon amendment, but at the time we vote on it, it was a kind of free ride. It gave Members an opportunity to express their opposition to the FSX agreement.

Let me suggest that if the motion to recommit is now carried, thereby enacting it into law, insofar as it has passed the House, it would constitute a confession of irrelevancy and ineffectuality on the part of the House because the Solomon amendment is not binding.

□ 1840

Mr. Speaker, it merely expresses the sense of Congress that we should not proceed with an FSX arrangement which is already a done deal, but, by adopting the Solomon amendment, we knock the Bruce amendment out of the box, and the Bruce amendment, while it concedes the FSX arrangement will go forward, would, nevertheless, put into law some conditions with respect to the FSX arrangement which are designed to protect some vital American interests.

So I say to my colleagues, "If you want to accomplish something, vote against the motion to recommit and for the Bruce amendment on final passage."

Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. BRUCE].

Mr. BRUCE. Mr. Speaker, I thank the gentleman from New York [Mr. SOLARZ] for yielding this time to me.

Mr. Speaker, the position of the House presently is that we have, in fact, taken a position today in opposition to the FSX codevelopment proposal. That was the Solomon amendment.

The position of the House is that we have taken two votes, one against the codevelopment of the FSX, and to have been effective, that vote should have occurred before May 31, and so we took that vote in accommodation in the Committee on Rules and on this floor to give those Members who oppose the FSX deal totally a chance to express their opinion. Then the House has adopted my amendment which goes not to codevelopment, but to coproduction, and this House is now going on order of saying in coproduction we have something to say about the contracts that will be negotiated on the production of the FSX weapon system to now recommit with this instruction, whereas our protection, our statement of saying that the U.S. Government's position ought to be protection of our hot section of our jet engines and have a prohibition against the sale of the completed weapon system to third countries, that is our prerogative, that is our policy statement. We ought to stand by it.

Mr. SOLARZ. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. LEVINE], the gentleman who has been leading the fight against the FSX in the House.

Mr. LEVINE of California. Mr. Speaker, I thank the gentleman from New York [Mr. SOLARZ] for yielding this time to me, and I would like to make two basic points.

Mr. Chairman, as the author of the resolution of disapproval which was originally intended to stop this transaction, let me urge my colleagues that, if they wish to put some conditions on this transaction, the only way to do that is to reject the motion to recommit.

Unfortunately, Mr. Speaker, the Solomon language is only sense of the Congress language. It has no operative force and effect, whereas the Bruce language that was just enacted by this body essentially holds the administration's feet to the fire and holds the Japanese feet to the fire in terms of the representations made both by this administration and the Japanese Government.

I say to my colleagues, "If you wish to ensure that these representations will be complied with, vote against the resolution to recommit. Send this language to the other body."

The SPEAKER. The time of the gentleman from New York [Mr. SOLARZ] has expired.

Mr. LEVINE of California. Mr. Speaker, this is nonconferenceable provided it stays in its current form and it goes to the President's desk. If it is altered, we will end up unravelling what is now a nonconferenceable provision that goes to the President's desk.

Mr. BROOMFIELD. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Michigan [Mr. UPTON].

Mr. UPTON. Mr. Speaker, about an hour ago we voted in favor of the Solomon amendment.

It is not true that, if we vote for the motion to recommit with instruction that it is exactly the same thing that we voted for about an hour ago? It that not right?

Mr. BROOMFIELD. Mr. Speaker, it is true.

Mr. Speaker, the vote that we will be taking now is consistent with the Solomon amendment we just passed about an hour ago 320 to 90.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. Pursuant to the provisions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of passage.

The vote was taken by electronic device, and there were—yeas 169, nays 247, not voting 17, as follows:

[Roll No. 80]

YEAS—169

Applegate
Archer
Armey
Baker
Ballenger
Bartlett
Barton
Bereuter
Bevill
Bilirakis
Bliley
Boehlert
Boggs
Broomfield
Browder
Bunning
Byron
Campbell (CA)
Chandler
Clement
Coble
Combest
Costello
Coughlin
Cox
Craig
Crane
Crockett
Dannemeyer
Davis
DeFazio
DeLay
Dellums
DeWine
Dornan (CA)
Douglas
Dreier
Dymally
Edwards (OK)
Erdreich
Fields
Flippo
Frenzel
Gallo
Gekas
Gillmor
Gilman
Gingrich
Goodling
Goss
Grandy
Grant
Hall (TX)
Hammerschmidt
Hancock
Hansen
Harris
Hastert
Hayes (LA)
Hefley
Hiler
Hochbrueckner
Hopkins
Huckaby
Hyde
Inhofe
Ireland
James
Johnson (CT)
Johnson (SD)
Kaptur
Kolbe
Kyl
Leach (IA)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Lipinski
Livingston
Lowery (CA)
Lukens, Donald
Machtley
Madigan
Marlenee
Martin (NY)
Martinez
Mavroules
McCandless
McCollum
McCrery
McDade
McEwen
McGrath
McMillan (NC)
McNulty
Meyers
Michel
Miller (OH)
Molinari
Montgomery
Moorhead
Morrison (WA)
Murphy
Myers
Nagle
Nelson
Nielson
Oxley
Packard
Parker
Parris
Pashayan
Paxon
Porter
Poshard
Pursell
Quillen
Rangel
Regula
Ridge
Roberts
Robinson
Rohrabacher
Rose
Saiki
Sarpalius
Savage
Schaefer
Schiff
Sensenbrenner
Shaw
Shumway
Skeen
Slaughter (VA)
Smith (IA)
Smith (MS)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (VT)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Solomon
Spence
Stangeland
Stearns
Stenholm
Stump
Sundquist
Tanner
Tauke
Tauzin
Thomas (CA)
Thomas (WY)
Traficant
Upton
Valentine
Vander Jagt
Vucanovich
Walker
Weber
Whittaker
Wolf
Wylie
Yatron
Young (AK)
Young (FL)

NAYS—247

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Aspin
Atkins
AuCoin
Barnard
Bateman

Bates
Beilenson
Bennett
Bentley
Berman
Bilbray
Bonior
Borski
Bosco
Boucher
Boxer
Brennan
Brooks
Brown (CO)
Bruce
Bryant
Burton
Bustamante
Campbell (CO)
Cardin
Carper
Carr
Chapman
Clarke
Clay
Clinger
Coelho
Coleman (MO)
Coleman (TX)
Conte
Conyers
Cooper
Coyne
Darden
de la Garza
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Downey
Duncan
Durbin
Dyson
Early
Eckart
Edwards (CA)
Emerson
Engel
English
Espy
Evans
Fascell
Fawell
Fazio
Feighan
Fish
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank
Frost
Gallegly
Garcia
Gaydos
Gejdenson
Gephardt
Glickman
Gonzalez
Gordon
Gradison
Gray
Guarini
Gunderson
Hall (OH)
Hamilton
Hatcher
Hawkins
Hayes (IL)
Hefner
Henry
Herger
Hertel
Hoagland
Holloway
Horton
Hoyer
Hubbard
Hughes
Hunter
Hutto
Jacobs
Jenkins
Johnston
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kasich
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lagomarsino
Lancaster
Lantos
Laughlin
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lewis (GA)
Lloyd
Long
Lowey (NY)
Luken, Thomas
Manton
Markey
Martin (IL)
Matsui
Mazzoli
McCloskey
McCurdy
McDermott
McHugh
McMillen (MD)
Mfume
Miller (CA)
Miller (WA)
Mineta
Moakley
Mollohan
Moody
Morella
Morrison (CT)
Mrazek
Murtha
Natcher
Neal (MA)
Neal (NC)
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Pallone
Panetta
Patterson
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Petri
Pickett
Pickle
Price
Rahall
Ravenel
Ray
Rhodes
Richardson
Rinaldo
Ritter
Roe
Rogers
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Sangmeister
Sawyer
Saxton
Schroeder
Schuette
Schulze
Schumer
Sharp
Shays
Shuster
Sikorski
Sisisky
Skaggs
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Snowe
Solarz
Spratt
Staggers
Stark
Stokes
Studds
Swift
Synar
Tallon
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Unsoeld
Vento
Visclosky
Volkmer
Walgren
Walsh
Watkins
Waxman
Weiss
Weldon
Wheat
Whitten
Wilson
Wise
Wolpe
Wright
Yates

NOT VOTING—17

Brown (CA)
Buechner
Callahan
Collins
Courter
Dickinson
Dwyer
Florio
Gibbons
Green
Houghton
Owens (UT)
Scheuer
Schneider
Stallings
Williams
Wyden

□ 1903

Mr. CLINGER and Mr. ROWLAND of Georgia changed their vote from "yea" to "nay."

Mr. TRAFICANT and Mr. APPLEGATE changed their vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the Senate Joint Resolution.

The question was taken; and the Speaker announced that the noes appeared to have it.

RECORDED VOTE

Mr. BRUCE. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 241, noes 168, not voting 24, as follows:

[Roll No. 81]

AYES—241

Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Atkins
AuCoin
Barnard
Bates
Bennett
Bentley
Berman
Bevill
Bilbray
Boggs
Bonior
Borski
Boucher
Boxer
Brennan
Brooks
Browder
Brown (CO)
Bruce
Bryant
Burton
Bustamante
Campbell (CO)
Cardin
Carper
Carr
Chapman
Clarke
Clay
Coelho
Coleman (MO)
Coleman (TX)
Conte
Conyers
Cooper
Costello
Coyne
Darden
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Douglas
Downey
Duncan
Durbin
Dyson
Early
Eckart
Edwards (CA)
Emerson
Engel
English
Erdreich
Espy
Evans
Fazio
Feighan
Flake
Flippo
Foglietta
Ford (MI)
Ford (TN)
Frank
Frost
Garcia
Gejdenson
Gekas
Gephardt
Gilman
Glickman
Gonzalez
Goodling
Gordon
Guarini
Gunderson
Hall (OH)
Harris
Hatcher
Hawkins
Hayes (IL)
Hefner
Henry
Herger
Hertel
Hoagland
Hochbrueckner
Hopkins
Horton
Hoyer
Hubbard
Hughes
Hunter
Hutto
Jacobs
Jenkins
Johnson (SD)
Johnston
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lancaster
Lantos
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lloyd
Long
Lowey (NY)
Luken, Thomas
Manton
Markey
Martin (IL)
Mavroules
McCloskey
McDermott
McEwen
McHugh
McMillen (MD)
Mfume
Miller (CA)
Mineta
Moakley
Mollohan
Moody
Moorhead
Morella
Morrison (CT)
Murphy
Murtha
Myers
Natcher
Neal (MA)
Neal (NC)
Nelson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens (NY)
Pallone
Panetta
Pashayan
Patterson
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Pickle
Poshard
Price
Rahall
Ray
Regula
Richardson
Rinaldo
Roe
Rogers
Rostenkowski
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Sangmeister
Savage
Sawyer
Saxton
Schroeder
Schuette
Schumer
Shays
Shuster
Sikorski
Sisisky
Skaggs
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith, Robert (NH)
Snowe
Spratt
Staggers
Stark
Stokes
Studds
Swift
Synar
Tallon
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weldon
Wheat
Whitten
Wise
Wolpe
Wright
Yates

NOES—168

Akaka
Archer
Armey
Aspin
Baker
Ballenger
Bartlett
Barton
Bateman
Beilenson
Bereuter
Bilirakis
Bliley
Boehlert
Bosco
Bunning
Byron
Campbell (CA)
Chandler
Clement
Clinger
Coble
Combest
Coughlin
Cox
Craig
Crane
Crockett
Dannemeyer
Davis
DeFazio
DeLay
DeWine
Dornan (CA)
Dreier
Dymally
Edwards (OK)
Fascell
Fawell
Fields
Fish
Frenzel
Gallegly
Gallo
Gaydos
Gillmor
Gingrich
Goss
Gradison
Grandy
Grant
Hall (TX)
Hamilton
Hammerschmidt
Hancock
Hansen
Hastert
Hayes (LA)
Hefley
Hiler
Holloway
Huckaby
Hyde
Inhofe
Ireland
James
Johnson (CT)
Kolbe
Kyl
Lagomarsino
Laughlin
Leach (IA)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lowery (CA)
Lukens, Donald
Machtley
Madigan
Marlenee
Martin (NY)
Martinez
Matsui
Mazzoli
McCandless
McCollum
McCrery
McCurdy
McDade
McGrath
McMillan (NC)
McNulty
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Montgomery
Morrison (WA)
Mrazek
Nagle
Nielson
Oxley
Packard
Parker
Parris
Paxon
Petri
Pickett
Porter
Pursell
Quillen
Rangel
Ravenel
Rhodes
Ridge
Ritter
Roberts
Rohrabacher
Rose
Roth
Saiki
Sarpalius
Schaefer
Schiff
Schulze
Sensenbrenner
Shaw
Shumway
Skeen
Slaughter (VA)
Smith (IA)
Smith (MS)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (VT)
Smith, Denny (OR)
Smith, Robert (OR)
Solarz
Solomon
Spence
Stangeland
Stearns
Stenholm
Stump
Sundquist
Tanner
Tauke
Tauzin
Thomas (CA)
Thomas (WY)
Unsoeld
Upton
Vander Jagt
Vucanovich
Walker
Walsh
Weber
Weiss
Whittaker
Wolf
Wylie
Yatron
Young (AK)
Young (FL)

NOT VOTING—24

Ackerman
Broomfield
Brown (CA)
Buechner
Callahan
Collins
Courter
Dickinson
Dwyer
Florio
Gibbons
Gray
Green
Houghton
Kastenmeier
Owens (UT)
Robinson
Scheuer
Schneider
Sharp
Stallings
Williams
Wilson
Wyden

□ 1913

The Clerk announced the following pairs:

On this vote:

Mr. Florio for, with Mr. Dickinson against.

Mrs. Collins for, with Mr. Buechner against.

Mr. GALLEGLY, and Mrs. MEYERS of Kansas changed their vote from "aye" to "no."

Mr. HUBBARD and Mr. SAVAGE changed their vote from "no" to "aye."

So the Senate joint resolution was passed.

The SPEAKER pro tempore (Mr. MONTGOMERY). Without objection, the committee amendment to the title is not agreed to.

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GEPHARDT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on Senate Joint Resolution 113, the Senate joint resolution just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. GINGRICH asked and was given permission to address the House for 1 minute.)

Mr. GINGRICH. Mr. Speaker, I ask to proceed in order to inquire of the gentleman from California, the majority whip, what the schedule might be for next week and for the rest of this week.

Mr. COELHO. Mr. Speaker, if the gentleman from Georgia will yield, this completes the legislative schedule for the week.

We will meet tomorrow at 10 a.m. and there will be no votes. We will announce the schedule tomorrow for next week.

Mr. GINGRICH. I look forward to hearing from the gentleman tomorrow.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will now take 1-minute speeches.

DOMESTIC SUGAR INDUSTRY HURT BY TRADE POLICY

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. AKAKA. Mr. Speaker, U.S. sugarcane and sugar beet farmers are being sold down the river by our U.S. Trade Representative. Rather than aggressively representing the interests of United States agriculture at the upcoming Uruguay round, it has now become clear that our trade representative had adopted a strategy which can have only one result—the complete, and quite possibly unilateral, elimination of the domestic sugar program.

As evidence of this strategy, I include a copy of a May 24 letter written to the Ambassador of El Salvador by Ms. Carla Hills.

In that letter, Ms. Hills advised the Ambassador, and I quote, "We are also pursuing the elimination of the United States sugar program through the agricultural negotiations in the Uruguay round." With this statement, Mr. Speaker, the true motives of the Office of Special Trade Representatives become crystal clear and any assurances are only empty statements.

The policy that the trade representative is pursuing is not only contrary to the interests of the domestic sugar industry, it directly contradicts statements by President Bush during the 1988 election campaign. Last year, Mr. Bush told Idaho farmers he would "insist import quotas remain until the international sugar market becomes a level playing field."

If the U.S. sugar program is to be sacrificed on the altar of free trade, I offer the following warning to my friends in the farm community—beware dairy farmers, beware cattlemen, beware peanut farmers, beware cotton growers. What can happen to sugar can happen to you.

THE U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC, May 24, 1989.

His Excellency ERNESTO RIVAS GALLONT,
Ambassador, Embassy of El Salvador, Washington, DC.

DEAR MR. AMBASSADOR: Thank you for your letter of April 11 concerning the Administration's position on the sugar provisions contained in H.R. 1233, the "Caribbean Basin Economic Recovery Expansion Act of 1989."

We are very much aware of the impact which the reduction in U.S. sugar quotas has had on sugar-producing countries in the Caribbean Basin. The Administration has actively supported efforts to reform the U.S. sugar program in a way that would allow U.S. imports of sugar from all supplying countries to increase gradually over several years, while at the same time reducing the domestic price support level. Unfortunately, this approach has not been successful.

We also are pursuing the elimination of the U.S. sugar program through the agricultural negotiations in the Uruguay Round. We have included the domestic sugar program in our offer to other trading partners as part of a multilateral effort to achieve substantial progressive reductions in agricultural trade barriers and subsidies. We are hopeful that we can achieve a long-term solution that will result in a market-oriented environment for world trade in sugar and other agricultural commodities.

We are unable to support the sugar provisions in section 7 of H.R. 1233 because they may violate U.S. international obligations under the General Agreement on Tariffs and Trade (GATT). In addition, their adoption could serve as an unfortunate precedent for perferential allocation of quotas that could be detrimental to future U.S. exports.

While we are sympathetic to the circumstances facing Caribbean Basin sugar-supplying countries, we do not believe that the approach contained in H.R. 1233 is appropriate. We strongly prefer an approach based on fundamental reform of our domestic sugar program.

I appreciate receiving your views on this matter.

Sincerely,

CARLA A. HILLS.

CHINA

(Mr. HOAGLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HOAGLAND. Mr. Speaker, there has been a great deal written and said about the China situation in the last couple of days, and I do not really want to stand up here and try to repeat what has been said. But what I would like to do is put into the RECORD a couple of things that I have found to be of particular value and particular significance.

The first item I include for the RECORD is an excerpt from a speech written by Donald Kennedy, the president of Stanford University, and delivered on May 5, 1989, far before the recent circumstances, talking about how we can best influence the future of China by extending our higher education facilities to Communist Chinese students. I did not realize, but right now there are 30,000 students in higher education institutions in this Nation learning American ways and American politics so they can return to their home nation and do a good job of governing that nation in the future.

I also submit for the RECORD two letters that I have recently received from constituents that tell a story. These are letters from people, one woman who indicates she could not even take a bus to come to my recent town hall meeting. They speak for themselves. The second letter is from Chinese students studying at Nebraska universities and expresses their feelings and observations.

The material referred to follows:

[From the Stanford University Campus Report, May 17, 1989]

(The excerpt below is from a speech on international security in the 21st century given by Stanford University President Donald Kennedy to the Portland City Club May 5, 1989, and served as the basis for his campus conference talk May 13, 1989.)

About a year ago, I had an appointment in my office with a young man who had recently completed a Ph.D. in our School of Education. He had been one of those graduate students who came to us in one of the early waves from the People's Republic of China; after finishing his doctorate he had done a year's apprenticeship to the president of a major university in the Southwest, and he was coming through Stanford on his way back to take up an administrative post

at Beijing University. (It occurred to me the other day that he is getting a mighty fast introduction to the riot-control part of a university administrator's job description!)

He is an informal person, very full of life, and we had a stimulating conversation. I asked him how he felt about being part of a takeover generation in a country where leaders tend to be elders, and where the dreadful events of the Cultural Revolution are of such recent memory. He replied that he had confidence in the future of academic life in China, that he feared no repetition of the Cultural Revolution, and that he was looking forward to the future.

But then he said this: "Of course, there will be a period of some difficulty. For a while, leadership is going to be in the hands of a generation of people most of whom received their education in the 50's in the Soviet Union. But after they're gone, my group will take over—and we have mostly been educated in the West, particularly in the United States.

Earlier this year, there were sudden signs that after 20 years of hostility, there was going to be some rapprochement between China and the Soviet Union. A decade earlier, that would have sent U.S. officials into an immediate state of red alert. But this time there was no Washington panic at all, but rather a general sense that some warming of Sino-Soviet relations might be a good thing for the world. Surely that cannot be unrelated to the fact that our sense of familiarity with, and confidence in, the Chinese has grown so much recently. And surely that, in turn, is significantly tied to the presence of 30,000 students from the People's Republic of China now studying in U.S. universities.

Indeed, higher education is right now the most successful U.S. export: You could say, if you were inclined to view things in that way, that the international balance of trade for the University sector is better than for any other industry. Now, I have no interest in pursuing the economics of all this; it probably isn't having a large dollar effect on our balance of payments.

JUNE 4, 1989.

DEAR CONGRESSMAN HOAGLAND: You don't know me; but I'm a constituent of yours. My two children and I don't usually attend your meetings. We have to depend on public transportation.

But tonight, I have something to say. My children are in special education and attend public schools. I had to explain to my oldest son tonight, why approximately five hundred people were murdered in China last weekend. How do you explain mass murder to a teenager (who is a citizen of a free country)? This cannot be allowed. What can be done? The world witnessed this atrocity. I also believe in a strong defense, better education and medical programs.

P.S.—President Kennedy said "stand up and be counted." I'm standing up and being counted.

DEAR CONGRESSMAN HOAGLAND: We are Chinese students and visiting scholars studying in Nebraska, at UNL, UNO, UN-Medical Center and Creighton University. We have been very much concerned about what has been taking place in Beijing and other cities in China. We strongly support the pro-democratic movement led by millions of peaceful demonstrators. We felt that we could no longer keep silent when we saw on TV that the Deng Xiaoping and Li Peng regime flagrantly ordered troops to open fire at the peaceful and unarmed pro-democratic students and civilian demonstrators, killing and wounding thousands of them.

We are very angry at the tragic and brutal action of the Deng-Li regime which has completely turned themselves against the Chinese people. We don't think the Deng-Li regime is representing the interest of the Chinese people anymore and we no longer recognize the Deng-Li regime as the legitimate government of the People's Republic of China.

We strongly urge you, as a representative of American people, to stand together with us and condemn the brutal massacre committed by the Deng-Li regime and take substantial actions to support the pro-democratic movement in China. We hope that you and the other senators will urge the U.S. government to cut off all the military and economic cooperation with the Deng-Li Regime to help end the continuing occurrence of such massacres in China.

Finally let us send our deepest condolences to those thousands of people who have sacrificed their lives for the cause of Chinese democracy and freedom. Thank you very much for your sympathy and support.

Yours respectfully,

Chinese Students and Visiting Scholars in the State of Nebraska.

□ 1920

DEMOCRACY IN CHINA MUST HAVE AMERICA'S SUPPORT

(Mr. POSHARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. POSHARD. Mr. Speaker, the pages of history are being written in the blood of the valiant men and women of Beijing who are taking a stand and literally putting their lives on the line for the cause of freedom and democracy.

I must tell you I am moved by their commitment and I am deeply saddened by the violence and chaos which has ensued from what began as a peaceful protest for self-determination.

We see a China on the brink of civil war, soldiers turning on their own people, and now apparently on each other.

We must not, cannot, abandon the people of China who see democracy as the doorway to a better, more fulfilling life.

The ultimate insult to the people of China and America is the statement from government officials that the slaughter in Tiananmen square did not happen.

I am afraid that will not work, because the world took notice and anyone witnessing the incredible human drama taking place, who cares anything about the cause they're dying for and the cause we are so blessed by, must resolve to support their cause in word and deed.

COMMENTS ON MASSACRE OF CHINESE STUDENTS

(Mr. PARKER asked and was given permission to address the House for 1 minute.)

Mr. PARKER. Mr. Speaker, we have watched with dismay the horrible massacre of unarmed nonviolent demonstrators in China this weekend. I support the heroic efforts of the Chinese people to bring democracy to the Republic of China and encourage them to continue their courageous cause in a nonviolent manner.

This brutal response on the part of the Communist Chinese Government has not halted the democracy movement. When the tanks rolled over these peaceful demonstrators, they crushed under their tracks the myth that the Army of China is the people's army. The reality is that this army is not of the people, but is the military arm of a totalitarian dictatorship. By the murder of these students the Government of China has buried its dagger in its own heart. Communism has failed and the force of the military will not overcome the will of the people who are dying in the name of freedom.

I support the actions taken by President Bush as a first response to this outrage. We must watch events closely and should be prepared to act with resolve if events in China worsen. The United States must speak with one voice at this critical juncture in world history. Politically motivated criticism of the President is not appropriate and should be withheld until we have a clear picture of events which are still unfolding.

LEADER OF THE FREE WORLD MUST CONTINUE TO HOLD FORTH THE BANNER OF FREEDOM

The SPEAKER pro tempore. Under previous order of the House the gentleman from Ohio [Mr. MCEWEN] is recognized for 5 minutes.

Mr. MCEWEN. Mr. Speaker, we have heard a great deal of discussion today and in recent days about the activities going on in Tiananmen Square and throughout the People's Republic of China. I think it is appropriate for the leader of the free world, the United States of America, to continue to hold forth the banner of freedom because the world is now facing a dilemma that will be enacted over the next decade, in my judgement.

Communism, tyranny cannot tolerate economic or political liberty. They are incompatible. They cannot work.

Communism brings slavery, it brings poverty, it creates Third World destitution.

In order to get those countries off of the floor, in order to allow them to survive at all, they must give a little

bit of freedom in the Soviet Union, in China, in Hungary, in Bulgaria, in Yugoslavia; they have to give a little bit of freedom in order to make it work.

But once the spirit of man senses and tastes liberty, he wants more, he wants a greater degree of say in his future. And then the decision has to be made: Do they allow them to be free? Of do they smash them back into tyranny?

In 1956, in Hungary, when those people began to sense the opportunities of freedom, the Soviet Union sent in the tanks and smashed them back into the gulags.

In 1968, in Czechoslovakia, when the people began to demonstrate for themselves and to express a little independence, then the Soviet Union rolled the tanks and smashed them back into tyranny.

And in 1989, in Tiananmen Square in Beijing, China, when they began to freely assemble and to freely speak, communism did what it always has to do to survive, it rolled the tanks over the bicycles and the bodies of its own people.

Mr. Speaker, what was the reaction of the Communist Daniel Ortega in Nicaragua? He congratulated the leadership of China on restoring order and preserving the revolution.

What was the response of Fidel Castro in Havana, Cuba? He too congratulated those who were shooting their own people in the streets and delivering the tanks over the young bodies of the students.

What was the reaction of the Soviet Union's Mikhail Gorbachev, the Mr. Glasnost, what was his reaction? He said to the United States, to George Bush, and to his congress for its resolution yesterday, he said, "United States, mind your own business; this is an internal affair."

□ 1930

I leave office as I began. Communists cannot tolerate freedom. The two are incompatible.

Over the next decade we are going to see, sooner rather than later, in Hungary, the same situation is going to present itself. The Prime Minister of Hungary said to me, personally, he said, "I have a year or two at the most and either then we will have freedom or they will roll the tanks."

The same thing is going to happen over the next 18 months, in my judgment, in Poland. The same thing will happen in Estonia and in the Baltics. A confrontation day will come. Hopefully, it will come in the Soviet Union in which either freedom will survive or they will have to roll the tanks and the destiny of liberty, the dialectic of which Lenin spoke is on the side of freedom, is on the side of democracy, is on the side of free enterprise. As we enter the next millenium we will see that tyranny, slavery and communism will collapse. Freedom, democracy and liberty will prevail.

PRAISE FOR CONGRESSWOMAN VIRGINIA SMITH

The SPEAKER pro tempore (Mr. PICKETT). Under a previous order of the House, the gentleman from Nebraska [Mr. HOAGLAND] is recognized for 5 minutes.

Mr. HOAGLAND. Mr. Speaker in the 1880's Nebraska's population increased from about 452,000 to over 1 million. Many of these American pioneers settled in the central and western regions of our great State, the land of Congresswoman VIRGINIA SMITH. Those voyagers settled in the rolling green hills and grassy prairie land which became patchquilt fields of corn, wheat and soybeans and pasture land for our mighty cattle industry. In the northern part of the region, those prairies and hills give way to our beautiful sand hills which compose the remainder of Nebraska's third district.

For 15 years "a chipper and enthusiastic" woman, youg at heart, has represented the descendents of that country in the United States House of Representatives. Congresswoman VIRGINIA SMITH was first elected in the 94th Congress on November 5, 1974, and has been reelected to each succeeding Congress, by margins of as much as 83 percent. She has announced that this 101st Congress will be her last. She is an excellent legislator, a wonderful friend, and we Nebraskans will miss her very much.

Aristotle once remarked, "The Good of man is the active exercise of his soul's faculties in conformity with excellence or virtue, or if there be several human excellences or virtues, in conformity with the best and most perfect among them."

VIRGINIA SMITH has worked hard her entire life at determining those excellences and conforming her conduct to them. As a Member of Congress, Mrs. SMITH is a member of the Appropriations Committee. She is the highest ranking member of the Appropriations Subcommittee on Agriculture and the second ranking minority member on the Subcommittee on Energy and Water Development. She once remarked, "I could not be in a better place in Congress for the people in Nebraska." I whole heartedly agree. The exercise of Mrs. SMITH'S congressional duties has consistently reflected the representation of her constituents enlightened views, her strong values, and her belief in a better America.

Mrs. SMITH'S many awards reflect those values. Her most notable awards include: the 1988 Leadership Award, National Coalition of Peace Through Strength; National Safety Council's 1983 Agricultural Achievement Award; nine Watchdog of the Treasury awards from the National Associated Businessmen; nine Guardian of Small Business awards from the National Federation of Independent Businessmen; the Golden Age Hall of Fame Award from the National Alliance of Senior Citizens; the first honorary membership in Women Involved in Farm Economics; the Nebraska Water Resources Association Distinguished Public Service Award; the Nebraska Soil Stewards Award; a Public Service to Agriculture Award from the Nebraska Agri-Business Club; and the Individual Achievement Award from the Nebraska Livestock Feeders Auxiliary.

In addition, Mrs. SMITH has been named Nebraska Woman of Achievement by the Nebraska Business and Professional Women and is an honorary Nebraska Porkette.

Mrs. SMITH is the first woman to be inducted into the Nebraska Hall of Agriculture Achievement and has received the National 4-H Alumni Award.

In July 1988 Mrs. SMITH'S personal efforts to reduce unnecessary Federal spending and numerous attempts to balance the Federal budget were recognized with the first Golden Plow Award. She, along with 16 of her congressional colleagues, were given the honor presented by the American Farm Bureau Federation.

VIRGINIA has been a groundbreaker in women's involvement in public life. First, she was elected as a woman from the Third Congressional District in Nebraska, no mean feat.

Further, she is the first Republican woman to serve on the House Appropriations Committee and was the first woman to serve on the Nebraska Board of Education for State Colleges.

She was appointed by the President of the United States to the National Rural Development Commission and to the National Commission for Community Health Service.

VIRGINIA is a past chairman of American Farm Bureau Women. She has also served on the National Livestock and Meat Board and boasts of having had many other State and national responsibilities in agricultural, civics, service organization, and youth.

In this 101st Congress, VIRGINIA SMITH is the chairman of the House Republican Research Committee Rural and Agricultural Communities Task Force. She serves on the steering committee of the Rural Health Coalition and is active in a caucus of House and Senate members concerned about rural development.

Mrs. SMITH'S legislative initiatives in the 100th and 101st Congresses quite notable—they have included the establishment of a national institute to develop new industrial uses for agricultural commodities. She also is leading a campaign to increase Federal funding for rural public transportation.

Mrs. SMITH recently secured $12.8 million in Federal funds for the continued development of the Mean Animal Research Center in Clay Center, NE; this included a new Center for Advanced Studies in Food Animal Medicine, and Food Processing, Transportation, and Marketing centers on the University of Nebraska, Lincoln's campuses in the State Capitol and in Scottsbluff.

Mrs. SMITH, or should I say Dr. SMITH, was awarded Kearney State College's honorary doctorate in humane letters in ceremonies on August 7, 1987. A month later, Mrs. SMITH was inducted into the Nebraska Hall of Agricultural Achievement. Mrs. SMITH was the first woman ever, to receive each of these distinguished honors.

Only 4 months ago, Mrs. SMITH received the National Rural Electric Cooperative Association's Distinguished Service Award. She was the first woman in the organization's 47-year history to receive the award.

As Members, we have precious little time. Quality time is even a rarer commodity. VIRGINIA is retiring at the end of this term to spend some quality time with Haven and her family of Chappell, NE.

As her high school's valedictorian at age 15, VIRGINIA said, "There is no excellence without great labor." Today, 62 years later, she continues to live by that philosophy.

I salute her years of service and join all Nebraskans in wishing her all the best in the years to come. I am proud to have been a part of the Nebraska congressional delegation with Congresswoman VIRGINIA SMITH. VIRGINIA, Nebraska will miss your abilities, your enthusiasm, your kindness, your leadership: the model you have been for all of us to follow.

THE STRUGGLE FOR DEMOCRACY IN CHINA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from American Samoa [Mr. FALEOMAVAEGA] is recognized for 5 minutes.

Mr. FALEOMAVAEGA. Mr. Speaker, after watching the events in China of the past week with horror and disbelief, it is clear that rule by Communism cannot coexist with the concept of civilization, as we know it, in the modern world. The brutal, calculated slaughter and maiming of thousands of innocent, unarmed citizens by military troops bespeaks of the depths of barbarism that a regime of repression shall sink in order to maintain power.

The massacre in Beijing, however, more importantly speaks to the strength of the human spirit of a people that strive for that which we in America accept as given: The rights of democracy. Clearly, the people of China are teaching the world, through vivid example, that the freedoms of speech, association, press, and human dignity are indeed worthy of giving the ultimate sacrifice. The journey to civilization requires the fight for democracy.

Many have said that it was in the early 1970's, with the opening of relations with China due to the Nixon initiatives, that the seeds of today's revolution were planted. Exchange students came to the United States for study as part of the normalization process, and returned. From the early trickle of students, the number has grown tremendously. According to administration sources, the crisis in China shall affect the visa status of 76,000 Chinese students presently attending educational institutions in the United States. Thus, it comes as no surprise to find that the People's Republic of China leads all nations in sending the greatest number of foreign exchange students to America.

The youth of China have come to the United States to become educated, and in that process they have tasted the fruits of democracy. And the knowledge has been shared. It is thus befitting that the students have acted as the catalyst for the massive demonstrations for freedom, numbering in the millions, that have been supported by elements in all classes of Chinese society. As our revered President Thomas Jefferson once stated, "if a nation expects to be ignorant and free, it expects what never was and never will be." As is being played out before the world, China in its quest for knowledge to break the bonds of ignorance must, inevitably, also cast away the chains of Communist repression.

In Chinese culture there is an old saying, "She sheng ch'ii i." It means, quite simply, to give one's life for the sake of righteousness. In witnessing the thousands of ordinary people that have so courageously and selflessly sacrificed their lives so that future generations may enjoy democracy, perhaps there has never been so righteous a cause.

Mr. Speaker, I call upon my colleagues in Congress and our President to place stronger sanctions against the Chinese Government in condemnation of their cowardly attacks on their people, and to take means in support of the struggle for freedom and democracy in that country.

INTRODUCTION OF H.R. 2572

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Illinois [Mr. ROSTENKOWSKI] is recognized for 5 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, today I am introducing H.R. 2572, a bill to repeal a special tax benefit contained in the Internal Revenue Code with respect to employee stock ownership plans [ESOP's].

This special benefit provides banks, savings and loan institutions, insurance companies, and mutual funds a 50-percent exclusion on interest income received from an ESOP when the ESOP borrows to purchase stock from an employer.

This provision is one of several special tax rules designed to provide moderate and reasonable assistance for the establishment of ESOP's. Specifically, this provision was intended to provide a tax subsidy for ESOP's that borrow funds in order to purchase an employer's stock.

Earlier this year, the Ways and Means Committee conducted 5 days of public hearings on issues related to mergers, acquisitions and other transactions which have greatly increased levels of corporate debt. During these hearings, members of the committee received testimony from several witnesses, including the Treasury Department, warning that this special tax benefit for ESOP's had the potential to be used in an abusive manner to avoid significant tax liability.

Mr. Speaker, when this provision was enacted in the Deficit Reduction Act of 1984, there was concern that some employers had inadequate access to the funds needed to establish an ESOP. This provision was intended to be a mechanism that would create an incentive for lenders to make funds available to these employers. In addition, it was hoped that employees would benefit not only by the establishment of an ESOP, but also from a sharing of the tax benefit of the interest exclusion.

Mr. Speaker, the proliferation of debt-financed ESOP transactions shows that many companies are borrowing to establish ESOP's merely for the sake of obtaining tax benefits without providing any increase in benefits to employees, even though such an increase in benefits was clearly intended as the purpose of the provision.

ESOP financing has become big business with big profits for Wall Street. Banks take out full-page ads proclaiming their prowess in ESOP financing. In one ad alone, a bank said it participated in $800 million of ESOP loans over the past 12 months.

A recent ruling by the Internal Revenue Service will serve to increase these ESOP transactions. Last week, the Internal Revenue Service announced in Revenue Ruling No. 89-76, that it interprets the law as allowing the special tax benefit to be available even if the debt of the ESOP is publicly traded.

Based upon this interpretation of the law, Wall Street investment bankers have been quick to design ways to package ESOP borrowings in public deals for the primary purpose of taking advantage of this special tax benefit. A recent Wall Street Journal article estimates that $20 to $30 billion of such publicly traded debt may be issued this year, which would represent up to a 300-percent to 450-percent increase in ESOP borrowing over last year.

This ESOP debt qualifying for the special tax benefit when held by certain institutional lenders, will cause a tremendous revenue loss to the Treasury, estimated at approximately $8 billion over the next 5 years.

Mr. Speaker, once again we have witnessed a special tax benefit provision become an abusive loophole through the ingenuity of Wall Street investment bankers. Congress did not intend for this special tax provision to be used in such an excessive manner. American taxpayers cannot be expected to pay hard-earned tax dollars while Wall Street fills its pockets with excessive tax-subsidized profits from these transactions.

Mr. Speaker, the legislation I introduce today will stop this abuse immediately. Under this bill, the special exclusion for interest income on debt used to purchase ESOP employer securities is repealed. I understand that some investment bankers, fearing that I might take action against the blatant excesses inherent in these transactions, have been working day and night to try to complete deals before the legislation could be introduced. Although I do not condone such activities, it has always been my policy to legislate in a prospective manner. Accordingly, the bill I introduce today will be effective only for debt issued on or after June 7, 1989, with respect to a written binding contract—or a tender offer registered with the Securities and Exchange Commission—to purchase the ESOP stock underlying the debt entered into on or after June 7, 1989.

Mr. Speaker, the action I take today in introducing this legislation is not designed in any manner to implicate the proper and reasonable application of rules governing the taxation of ESOP's.

However, in this period of budgetary restraints Congress cannot and should not make tough decisions on reducing program expenditures which affect millions of Americans while at the same time allowing a small class of taxpayers to enrich themselves through manipulating the Tax Code. I urge all Members to support this legislation.

COMMUNICATION FROM THE CHAIRMAN OF THE COMMITTEE ON THE BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. PANETTA] is recognized for 5 minutes.

Mr. PANETTA. Mr. Speaker, on behalf of the Committee on the Budget and as chairman of the Committee on the Budget, pursuant to the procedures of the Committee on the Budget and section 311 of the Congressional Budget Act of 1974, as amended, I am submitting for printing in the CONGRESSIONAL RECORD the official letter to the Speaker advising him of the current level of spending, credit, and revenues for fiscal year 1989. This is the fourth report of the 101st Congress.

The term "current level" refers to the estimated amount of budget authority, outlays, credit authority, and revenues that are available—or will be used—for the full fiscal year in question based only on enacted law.

Current level reports are intended to provide members information to compare enacted spending and revenues with the aggregate ceilings on budget authority, outlays, and revenues established in a budget resolution, and also to compare enacted legislation with the allocations of new discretionary budget authority, entitlement authority, and credit authority made to a committee pursuant to subsection 302(a) of the Budget Act. This report compares the spending, credit, and revenue levels in current level with those assumed in the budget resolution for fiscal year 1989—House Concurrent Resolution 268—adopted on June 6, 1988.

Current level reports provide information that is necessary for enforcing section 311 of the Budget Act. Section 311(a) prohibits the consideration of a spending or revenue measure if the adoption of that measure would cause the ceiling on total new budget authority or total outlays set in the budget resolution for a fiscal year to be exceeded or would cause revenues to be less than the appropriate level of revenues set forth in the budget resolution.

Section 311(b) provides an exception to the 311(a) point of order for measures that would breach the ceilings on total spending set forth in the budget resolution but would not cause a committee to exceed its "appropriate allocation" of discretionary spending authority made pursuant to section 302(a) of the Budget Act. Such an exception was first provided by the Budget Resolution for fiscal year 1985—House Concurrent Resolution 280, 98th Congress. The exception was made permanent by the amendments to the Budget Act included in the Balanced Budget and Emergency Deficit Control Act of 1985—Public Law 99-177, Gramm-Rudman-Hollings. This exception is intended to protect a committee that has stayed within its allocation of discretionary budget authority and new entitlement authority from points of order if the total spending ceilings have been breached for reasons outside of its control. For fiscal year 1989, the 302(a) allocations to House committees made pursuant to the conference report on House Concurrent Resolution 268 were printed in House Report 100-662, June 1, 1988.

Section 311(c) of the Budget Act provides that, for purposes of enforcing section 311, the levels of new budget authority, entitlement authority, outlays, and revenues shall be determined on the basis of estimates made by the Committee on the Budget. Current level reports represent partial fulfillment of this enforcement responsibility of the Budget Committee by providing both estimates of enacted aggregate spending and revenues, and, for purposes of determining the applicability of the section 311(b) exception, estimates of the relationship between the budgetary effect of enacted legislation within a committee's jurisdiction and the allocation of spending authority made to that committee.

The estimates in this report are based on economic and technical assumptions in place at the time of the adoption of the budget resolution, House Concurrent Resolution 268, on June 6, 1988. This is intended to protect committees which acted on the basis of the assumptions of the budget resolution from changes in economic and technical factors over which they have no control. Unless the Congress adopts a subsequent budget resolution for a fiscal year that alters the assumptions concerning legislative actions, committees should be able to expect that measures that conform with the budget resolution will not be subject to points of order for violation of the Budget Act. To do otherwise and base enforcement on constantly changing economic and technical estimates would seriously disrupt the legislative process, penalize committees that are unable to complete work on legislation within a short period after adoption of a budget resolution, and undermine respect for budget enforcement procedures.

In addition to section 311, the Budget Act contains another point of order that requires Budget Committee estimates for enforcement. Section 302(f) (1) the Budget Act prohibits the consideration of a measure providing new budget authority, new entitlement authority, or new credit authority if the adoption of that measure would cause a committee to exceed its allocation of new spending or credit authority made pursuant to subsection 302(b) of the Budget Act. The 302(b) allocation is a subdivision of the new spending, new entitlement, and new credit authority allocated to a committee pursuant to section 302(a), among either the subcommittees of that committee or among programs over which the committee has jurisdiction. This point of order was added to the Budget Act by the amendments included in the Balanced Budget and Emergency Deficit Control Act of 1985.

Section 302(g) provides that the enforcement of section 302 shall be based on estimates of spending and credit authority made by the Committee on the Budget. The Budget Committee fulfills this responsibility by providing, as necessary, a separate section 302 report to the Speaker.

For information purposes only, current level reports will continue to include a comparison of the budget and credit authority divided among the Appropriations subcommittees by that committee's 302(b) division with the actual enacted spending and credit legislation within each subcommittee's jurisdiction.

As chairman of the Budget Committee, I intend to keep the House informed regularly on the status of the current level.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC, June 7, 1989.

Hon. THOMAS S. FOLEY,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: On January 30, 1976, the Committee on the Budget outlined the procedure which it had adopted in connection with its responsibilities under section 311 of the Congressional Budget Act of 1974, as amended, to provide estimates of the current level of revenues and spending.

I am herewith transmitting the status report under House Concurrent Resolution 268, the concurrent resolution on the budget for fiscal year 1989.

In the House of Representatives, the procedural situation with regard to the spending ceilings (total budget authority and total outlays) is affected by section 311(b) of the Congressional Budget Act of 1974, as amended by Public Law 99-177. Enforcement against possible breaches of the spending ceilings under 311(a) of the Budget Act would not apply when a measure would not cause a committee to exceed its "appropriate allocation" of "new discretionary budget authority" or "new entitlement authority" made pursuant to section 302(a) of the Budget Act. It should be noted that under this procedure the committee's outlay allocation is not considered.

The intent of section 311(b) of the Budget Act is to protect a committee that has stayed within its spending authority allocations—discretionary budget authority or new entitlement authority—from points of order if the total spending ceilings have been breached for reasons outside of its control. The 302(a) allocations to House committees made pursuant to the conference report on House Concurrent Resolution 268 were printed in H. Rept. 100-662 (June 1, 1988).

The enclosed tables compare enacted legislation to each committee's 302(a) allocation of discretionary budget authority, new entitlement authority, new direct loan obligations and new primary loan guarantee commitments. The estimates of spending and revenues for purposes of the application of points of order under the Budget Act are based upon the economic and technical assumptions underlying the fiscal year 1989 budget resolution, House Concurrent Resolution 268.

The Energy and Commerce Committee and the Ways and Means Committee have exceeded their targets for new entitlement authority because of the enactment of Public Law 100-360, the Medicare Catastrophic Coverage Act and Public Law 100-485, the Family Welfare Reform Act. The concurrent resolution on the budget for fiscal year 1989 assumed enactment of both pieces of legislation but made no allocations for them. The House report on the budget resolution explained that such legislation, if deficit-neutral, would be appropriate even though it exceeded the resolution's section 302 allocations or spending aggregates.

Revenues exceed the revenue floor established by the concurrent resolution on the budget for fiscal year 1989 because of enactment of Public Law 100-360, the Medicare Catastrophic Coverage Act and Public Law 100-485, the Family Welfare Reform Act. Passage of this legislation was assumed in the budget resolution but not reflected in the revenue floor. The budget resolution assumed deficit-neutral catastrophic health and welfare reform legislation, but not a specific dollar amount. As explained in the House report on the budget resolution, the revenue increases in Public Law 100-360 and Public Law 100-485 were intended to offset and make deficit neutral the multiyear spending in those bills. Therefore, it would not be consistent with the assumptions in the budget resolution to enact any additional revenue-losing legislation beyond Public Law 100-418, the Omnibus Trade Act and Public Law 100-449, the Canada-U.S. Free Trade Agreement.

Sincerely,

LEON E. PANETTA,
Chairman.

Enclosures.

REPORT TO THE SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES FROM THE COMMITTEE ON THE BUDGET ON THE STATUS OF THE FISCAL YEAR 1989 CONGRESSIONAL BUDGET ADOPTED IN H. CON. RES. 268, REFLECTING COMPLETED ACTION AS OF JUNE 6, 1989

[In millions of dollars]

	Budget authority	Outlays	Revenues
Appropriate level	1,231,700	1,099,700	964,400
Current level	1,232,624	1,100,091	964,434
Amount under ceilings			
Amount over ceilings	924	391	
Amount under floor			
Amount over floor			34

BUDGET AUTHORITY

Any measure providing budget or entitlement authority which is not included in the current level estimate of budget authority for fiscal year 1989, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in H. Con. Res. 268 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate of outlays for fiscal 1989, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in H. Con. Res. 268 to be exceeded.

REVENUES

Any measure that would result in a revenue loss which is not included in the current level estimate and that exceeds $34 million in revenues for fiscal year 1989, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in H. Con. Res. 268.

Fiscal year 1989 discretionary action budget authority, comparison of current level and budget resolution allocation by committee pursuant to section 302

[In millions of dollars]

House Committee	Current level budget authority
Agriculture	(+412)
Appropriations [1]	(+283)
Armed Services	(...)
Banking, Finance, and Urban Affairs	(...)
District of Columbia	(...)
Education and Labor	(...)
Energy and Commerce	(...)
Foreign Affairs	(...)
Government Operations	(...)
House Administration	(...)
Interior and Insular Affairs	(...)
Judiciary	(...)
Merchant Marine and Fisheries	(...)
Post Office and Civil Service	(...)
Public Works and Transportation	(...)
Science and Technology	(...)
Small Business	(...)
Veterans' Affairs	(−4)
Ways and Means	(−79)

[1] See next table for detail.

Committees are over (+) or under (−) their 302(a) allocation for "discretionary action".

FISCAL YEAR 1989 HOUSE APPROPRIATIONS COMMITTEE DISCRETIONARY ACTION, COMPARISON OF CURRENT LEVEL AND BUDGET RESOLUTION SUBDIVISIONS OF THE HOUSE APPROPRIATIONS COMMITTEE PURSUANT TO SECTION 302

[In millions of dollars]

House Appropriations subcommittee subdivisions	Current level budget authority	Direct loans	Primary loan guarantees
Commerce, State, Justice	(+309)	(−3)	(...)
Defense	(−249)	(...)	(...)
District of Columbia	(−6)	(...)	(...)
Energy and Water	(−47)	(+3)	(...)
Foreign Operations	(+15)	(−3,632)	(...)
Interior	(...)	(...)	(...)
Labor, HHS, Education	(+164)	(−33)	(...)
Legislative Branch	(−41)	(...)	(...)
Military Construction	(...)	(...)	(...)
Rural Development and Agriculture	(+14)	(−243)	(+6)
Transportation	(+98)	(...)	(...)
Treasury, Postal Service	(+26)	(...)	(...)
VA/HUD/Independent Agencies	(...)	(...)	(...)
Total	+283	−3,908	+6

Subcommittees are over (+) or under (−) their 302(b) subdivisions of discretionary action.

FISCAL YEAR 1989, ALLOCATION OF NEW ENTITLEMENT AUTHORITY [NEA] PURSUANT TO SECTION 302

[In millions of dollars]

Committee	Allocation	Reported [1]	Enacted [2]	Enacted over (+)/under (−) allocation
Agriculture		+611	+532	+532
Armed Services		+2,234	+2,234	+2,234
Energy and Commerce		+75	+55	+55
Interior and Insular Affairs		+35	+16	+16
Judiciary		+39	+14	+14
Veterans' Affairs	+408	+395	+389	−19
Ways and Means		+1,624	+1,461	+1,461
Undistributed to committee	+125			

[1] These figures are used for 401(b)(2) of the Budget Act.
[2] These figures are used for 302(f) points of order.

Note—The Energy and Commerce and the Ways and Means Committees have exceeded their targets because of the enactment of Public Law 100-360, the Medicare Catastrophic Act, and the completion of H.R. 1720, the Family Welfare Reform Act. The fiscal year 1989 budget resolution assumed enactment of such legislation but made no allocations for it. The House report on the budget resolution explained that such legislation, if deficit-neutral, would be appropriate even though it exceeded the resolution's section 302 allocations or spending aggregates.

Further, Public Law 100-418, the Omnibus Trade and Competitiveness Act, provided $111 million of NEA that is scored in the "enacted" column against the Ways and Means Committee Allocation. This amount can be counted against the undistributed $125 million in NEA that was assumed by the budget conferees to be available for programs in functions 500, 550 and 600.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 7, 1989.

Hon. LEON E. PANETTA,
Chairman, Committee on the Budget, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to section 308(b) and in aid of section 311 of the Congressional Budget Act, as amended, this letter and supporting detail provide an up-to-date tabulation of the current levels of new budget authority, estimated outlays, estimated revenues, and direct and guaranteed loan levels in comparison with the appropriate levels for those items contained in the most recently agreed to concurrent resolution on the 1989 budget (H. Con. Res. 268). This report for fiscal year 1989 is tabulated as of close of business June 6, 1989. A summary of this tabulation is as follows:

[In millions of dollars]

	Current level	Budget resolution H. Con. Res. 268	Current level +/− resolution
Budget authority	1,232,624	1,231,700	924
Outlay	1,100,091	1,099,700	391
Revenues	964,434	964,400	34
Direct loan obligations	24,370	28,300	−3,930
Guaranteed loan commitments	110,956	110,950	6

Since my last report, Congress has taken no action that affects the current level of spending or revenues.

Sincerely,

ROBERT D. REISCHAUER,
Director.

PARLIAMENTARIAN STATUS REPORT 101ST CONG., 1ST SESS., HOUSE SUPPORTING DETAIL, FISCAL YEAR 1989 AS OF CLOSE OF BUSINESS JUNE 6, 1989

[In millions of dollars]

	Budget authority	Outlays	Revenues
I. Enacted in previous sessions:			
Revenues			964,434
Permanent appropriations and trust funds	855,280	708,311	
Other appropriations	594,475	609,315	
Offsetting receipts	−218,335	−218,335	
Total enacted in previous sessions	1,231,420	1,099,291	964,434
II. Enacted this session:			
Adjust the purchase price for non-fat dry dairy products (Public Law 101-7)		−10	
Implementation of the Bipartisan Accord on Central America (Public Law 101-14)	−11		
Total enacted this session	−11	−10	
III. Continuing resolution authority			
IV. Conference agreements ratified by both Houses			
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Dairy indemnity program	(1)	(1)	
Special milk	4		
Food Stamp Program	253		
Federal crop insurance corporation fund	144		
Compact of free association	1	1	
Federal unemployment benefits and allowances	31	31	
Worker training	32	32	
Special benefits	37	37	
Payments to the Farm Credit System	35	35	
Payment to the civil service retirement and disability trust fund	(85)	(85)	
Supplemental security income	201	201	
Special benefits for disabled coal miners	3		

PARLIAMENTARIAN STATUS REPORT 101ST CONG., 1ST SESS., HOUSE SUPPORTING DETAIL, FISCAL YEAR 1989 AS OF CLOSE OF BUSINESS JUNE 6, 1989—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Medicaid:			
Public Law 100-360	45	45	
Public Law 100-485	10	10	
Family support payments to States:			
Previous law	355	355	
Public Law 100-485	63	63	
Total entitlement authority	1,214	819	
Total current level as of June 6, 1989	1,232,624	1,100,091	964,434
1989 budget resolution H. Con. Res. 268	1,231,700	1,099,700	964,400
Amount remaining:			
Over budget resolution	924	391	34
Under budget resolution			

[1] Less than $500 thousand.

Note.—Numbers may not add due to rounding.

RURAL DISMANTLEMENT ENCOURAGED IN FAMILY AND MEDICAL LEAVE ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa [Mr. GRANDY] is recognized for 60 minutes.

Mr. GRANDY. Mr. Speaker, I take this special order out this evening, along with my colleagues from the Committee on Education and Labor, the gentleman from North Carolina [Mr. BALLENGER], and the gentleman from Illinois [Mr. FAWELL], to discuss a legislation package that has been before this Congress once before and will undoubtedly be before this Congress for, hopefully the last time, in the 101st Congress. That is, specifically, H.R. 770, the Family and Medical Leave Act, which the Committee on Education and Labor has passed out but has not yet reached the floor.

I note with interest tonight that many of my colleagues, at this special order, will be discussing rural development, something that all Members from rural districts are certainly for, something I am sure quite a lot of Members will have something to say, something which will entail quite a bit of legislation in the 101st Congress. I will not participate in that special order, although I will, perhaps tonight, be touching on the dark side of rural development, which is rural dismantlement. By that I mean oppressive pieces of legislation that contradict all the good things we try to do for our rural community, whether we talk about drought or increased commodity prices or business and industry loans, or grants, or rural enterprise zones, or tax breaks. All of these qualify as rural development, and all of them will probably be supported in one way, shape, or form, by this House.

However, against that we have to deal with an equal opposite reaction which is rural dismantlement composed of many things: Inflation, which in this case usually is caused by the drought; increased taxes in many cases; increased costs, particularly in farm country for fuel and input costs; probably the greatest component of rural dismantlement which is oppressive, intrusive, Federal regulation, whether it comes via section 89, the existing Tax Code, or OSHA, or EPA, or whether it comes from the Committee on Education and Labor through the House of Representatives and into statute in the form of the Family and Medical Leave Act.

What does this act do? Well, very simply, it requires employers in this country who have 50 employees or more, and in 2 years, only 35 employees or more, to get 10 weeks of unpaid leave for paternity or maternity situations in the course of 2 years, and 15 weeks of medical leave in the course of the year, leaving a potential of 25 weeks, after a year, of unpaid leave.

Members can say, what does this have to do with rural dismantlement? Why is this a bad thing? Most small businesses will be exempted, 50 employees or less. While I might point out to many of my colleagues that are from districts that perhaps do not have the number of small towns that I do, do not have the number of rural communities, 50 jobs or 50 employees in most of the area I represent is not a small business. It may not just be a big business, it may be the only business in that town. It may be the only reason that town is still on the map. It may be the only anchor in that community.

I can guarantee Members that if this legislation becomes law, there will probably be as many communities as businesses that will suffer consequences. We are not just talking about business here, the Family and Medical Leave Act does not merely specify business employers, it specifies all employers.

Again, we are talking about unraveling the rural infrastructure that we are so interested in preserving when we talk about rural development. But under this bill, we are not just talking about a main street business or factory at the edge of town, we are talking about the fire department, the police force, we are talking about a hospital, if one exists in the community, and we are talking about a nursing home which invariably exists in a rural community.

□ 1940

And we might very well be talking about a vocational institution, a technical school, or a small college. And we are talking about problems that these communities will have first of retaining these facilities and then attracting

businesses to come into these communities.

Mr. Speaker, I have begun to try to highlight what the Family and Medical Leave Act means to a rural Congressman with a rural constituency, and I pose the question of rural development versus rural dismantlement.

Mr. Speaker, I yield now to the gentleman from Illinois [Mr. FAWELL] who will present a different perspective.

Mr. FAWELL. Mr. Speaker, I thank the gentleman very much for yielding.

Mr. Speaker, I congratulate the gentleman from Iowa [Mr. GRANDY] for arranging this special order.

For those of us who look upon this legislation with its nickname of "Parental Leave" and recognize that it is a lot more than parental leave, it has been rather difficult for us to speak against it because with that nickname, people have the idea that the bill basically is one that is aimed at bonding between a parent and a child. It is so much more, and that is one of the major points that I think we should emphasize in this special order. It is so much more than just parental leave that it really, I think, should have a title like the Uniform National Employee Sick Leave Act.

It covers, as has been indicated, all of America's businesses, those who meet the criteria of having initially more than 50 employees, and that will drop down, as I recall, to 20 employees. When the legislation sets Federal standards, as we try to do from Washington in reference to this bill, we are assuming that all America is alike, and so we can look at the 13th Congressional District. It is not a rural area any longer, but of all the businesses there, most would be affected. It is quite a growing area, and they are quite different. As an attorney who did a lot of work in regard to public entities, in regard to schools districts, park districts, and other public entities, I think that people do not realize and many cities and villages do not realize that this bill affects them. It affects all corporations for profit, corporations not for profit, and it affects religious entities, too, as I read this language, and all schools, public and private alike, even though there has been an amendment that will try to satisfy the serious objections which public schools have in reference to this legislation.

Every entity with an employment structure is covered by this bill. It is a one-way vehicle for all from Washington, DC. We are great with those kinds of pronouncements, and we believe that we have in effect a collective bargaining clause that should be put fully into every employment relationship in America. Of course, as time goes by, we will try to have that cover more and more of the very small businesses.

Interestingly enough, as we try to look at legislation like this and understand it is as best we can, we look first of all at the definition of an illness or sickness that would justify, for instance, an employee being able to just leave, let us say, for 10 weeks. It can be in one chunk or it can be, for instance, intermittently. And when we look at the definition of a "health condition" which would justify an employee leaving, we find that it is a health condition which may pertain to himself or it may pertain to family members, and we note that it is a very, very broad and a very weak definition. It simply says that there is an illness or an injury or an impairment, and you would have continuing treatment or have supervision by what is called a health care professional, and that health care professional does not have to be an M.D.; it can be, for instance, a director of a nursing home. And on that basis, an employee has the right to say, "Well, I have got that illness that is described, and, therefore, I can, if I have a health condition as so described, or if any of the members of my family have a health problem so described, I can leave. I can leave, for instance, to take care of members of my family."

Interestingly enough, it covers, for instance, the sons and daughters of an employee, it covers the parents, and it covers the parent-in-law, but for some strange reason—and I have never been able to get an explanation for this—it does not cover one's spouse. That is to say that in relation to my mother-in-law, for instance, who is in a nursing home, my wife, who teaches school in Napierville, IL, would have a perfect right to leave for 10 weeks to take care of her because she meets the definition of "illness," as set forth in this legislation, but, on the other hand, if I was dying in a hospital someplace, she would not have the right to do so.

If the drafting of the legislation is that bad in regard to that very salient issue, we can understand how many other holes there may be in it. And with all the public entities to which I especially made reference, where you have elected public officials, school board members, park district officials, city and village officials, members of councils and boards who are elected, trying to have a personnel leave record that will blend in with the special trust of a public nature which they have, this type of legislation just cannot possibly fit.

A school board has to have personnel leave policies, for instance, that will guarantee that the teachers will be there at the commencement of a semester and will not just be able to take leave on the basis of definitions of "illness," for instance, as thought best by Washington, DC.

If you have a trauma squad at a public hospital or private hospital, for that matter, you have got to be assured that those people are going to show up and be able to perform their duties.

Mr. GRANDY. Mr. Speaker, will the gentleman defer to me on that point for just a moment?

Mr. FAWELL. Surely.

Mr. GRANDY. Mr. Speaker, that is an excellent point, and it should be pointed out that elementary and secondary schools did negotiate with their school boards to get some flexibility so that if a key employee or a teacher or administrator leaves near the end of the school year, the school would have the ability to deny leave.

Hospitals do not have that option. Vocational schools do not have this option. So we are basically saying in this bill that one sector of our employment force, particularly the public sector, is a lot more important than the others, which is something that I think we would not want to be in favor of.

Mr. FAWELL. No, absolutely not. I have had private schools now write to me and say that if we recognize certain exceptions insofar as public schools are concerned, then why not include private schools, because obviously our personnel policies are arrived at for the benefit basically of having sound education for the students, and if we can make certain exceptions for public schools, there is no reason in the world why that should not extend on to private schools.

We can think of our police departments in our major cities. We talk about the "blue flu," for instance, that can be a controversial way by which police officers, if they have problems in employment structures, can stay away from employment.

As I have said, one can go on with just so many illustrations where elected officials are trying to create personnel leave policies that would meet the particular performance requirements by them of their public trust problems, and here we have Washington in its wisdom saying that we have a standard personnel sick leave policy that is so very good that we can fit it in and mandate it upon every public and private employment structure in America. And when these people leave, we must remember—and they can leave intermittently, as I have indicated, or they can leave for a 10-week or 15-week period, which may be the case—they can then expect when they come back that their job should be there and it should be waiting for them, and in the meantime, the public employer, of course, has to do everything possible to find that physics teacher or that trauma unit. Those requirements have to be fulfilled, and you have also the requirements of nuclear power plants, which have tremendous employment problems, of

course, because they have to have well-trained employees available.

So while we all want to do everything possible to encourage sick leave for employees, I might add that employers, public and private both, certainly are doing everything possible to arrange for unpaid leave for parents who will be having the birth of a child in their home. But we obviously have in this legislation not only a mandate in that regard but a mandate that covers so very, very much more than that that it just is not fair and it just is not workable.

□ 1950

Mr. Speaker, employers and employees, not the Federal Government, are in the best position to judge personnel leave policies in collective bargaining agreements, and in this time in which we are living with the work force changing I think our business entities which are and are not for profit and public entities are recognizing that they certainly, if they are going to compete for employees, that they are going to have to have very carefully crafted and obviously different types of leave policies to meet their particular public trusts or their business problems.

However, Mr. Speaker, they are going to recognize more and more that they are going to have to have this, but it has to be done, I think, voluntarily. Flexibility in the employment relationship rather than rigid requirements dictated by Washington I think just makes good common sense, and once again, to the gentleman from Iowa [Mr. GRANDY], my friend, I do appreciate very much his setting aside this time so that some of us can express ourselves, and perhaps people who are listening and others will gain a greater insight into what type of legislation we are talking about here.

Mr. GRANDY. Mr. Speaker, I thank the gentleman from Illinois [Mr. FAWELL] for his comments, and he puts me in mind of a saying that I believe is attributed to former President Eisenhower who was talking about foreign policy ironically at the time. He said, "It's hard to speak for the farmer when your plow is a pencil and you're a thousand miles from the cornfield." Mr. Speaker, I think we are a thousand miles from reality on this particular piece of legislation. I appreciate the comments of the gentleman from Illinois [Mr. FAWELL] in pointing out how poorly it is drafted.

Mr. Speaker, I yield to the gentleman from North Carolina [Mr. BALLENGER], another colleague from the Committee on Education and Labor, an employer himself, a small business man, someone who has an immediate knowledge both as a legislator and as a citizen.

Mr. BALLENGER. Mr. Speaker, I thank the gentleman from Iowa [Mr. GRANDY] for yielding, and I would like to make a few statements as to how I feel about this bill.

Mr. Speaker, later this month, the House may consider a controversial bill entitled the Family and Medical Leave Act—H.R. 770.

As you have stated, H.R. 770 mandates that companies employing 50 or more workers receive 10 weeks of job-protected unpaid family leave for the birth, adoption, or care of a seriously ill child or parent during a 2-year period. Employees could receive as much as 15 weeks of unpaid leave over a 1-year period if they became seriously ill.

Employees eligible for unpaid leave under H.R. 770 must have at least 1 year of service with 1,000 hours of work for the employer. This means, the legislation covers part-time employees who work 1 year for at least 20 hours per week.

Mandating unpaid, job-protected leave for the care of a child or sick parent sounds like a good idea. It appears to offer a simple way to provide all employees equal treatment when they need time with their families. However, appearances can be deceiving and mandating a new national leave policy presents serious problems.

We have heard from several of my colleagues on specific problems in the Family and Medical Leave Act and I would like to focus on an area that is of special concern for many small business owners—periodic reporting during leave taken by the employee.

Under the bill, an employer is required to hold a open a job for the employee on leave for 1 day, 1 week, 1 month and restore the employee to the same position upon completion of leave.

Yet at no time during the 10 or 15 weeks of leave is the employee required to notify the employer of his or her intentions to return to work. I tried to amend the bill in committee to have weekly notice but was voted down!

This creates problems for the employer. Should the business owner hire a temporary worker or get a permanent replacement? Or should the job just be held open during the lenght of the leave?

I think you can clearly see the types of problems that this presents for many small busneses, but let me give you an example of a company in Charlotte, NC:

> At one point we were required to hold open a job for a National Guard member who was taking his basic training. This one person was 20 percent of our staff—a trained graphic designer. For six months we 'made do' with free lancers, etc. This required more time from the rest of our staff. When his basic training was over, he did not return, but looked for a job with higher pay. This left us high and dry again—having to hire and train someone else.

This employer in good faith with his employee held open a job for a long period of time, yet was left in a lurch when the employee did not return to work. The employer is providing fringe benefits during the time of leave and must also seek and train a replacement, further delaying the efficient operation of a business. In addition, it seems the employee will also qualify for COBRA coverage after taking leave.

As a former small business owner, I know that most employers want to do what they can to help their employees. Periodically reporting back to the employer is only fair and this can be accomplished with a simple phone call or letter during the time of leave. Yet the bill fails to address this very real problem.

In summary, prescribing a one-size-fits-all policy for all businesses, both small and large, ignores the fact that employee needs differ from one business to another. Mandating one particular benefit limits the ability of employers to offer benefits that appeal to their workers. Mandating family and medical leave forces employers to offer one benefit at the expense of another.

The issue is not the leave, which is a good policy for all companies to pursue, the issue remains the appropriate role for government. I urge each of my colleagues in the House to keep this in mind as they consider this legislation.

Mr. GRANDY. Mr. Speaker, I thank the gentleman from North Carolina [Mr. BALLENGER] for his comments. He points to a particular irony in the bill which basically says, "You can work 20 hours a week part time for a company for 1 year and then receive 25 weeks full time off the following year, if you so desire," and obviously the point about businesses tailoring their leave policies—sometimes they do not even call them leave policies—is they merely tailor them to the employees and take them on a case-by-case basis.

Mr. Speaker, I yield to the gentleman from Texas [Mr. ARMEY], another colleague on the Committee on Education and Labor, a fierce opponent of this bill, a fierce ally, I might say, of the employee particularly, but also the small employer.

Mr. ARMEY. Mr. Speaker, I thank the gentleman from Iowa [Mr. GRANDY] for yielding, and I appreciate his leadership on this issue.

Mr. Speaker, when we look at the parental leave bill, I find it a particularly obnoxious example of Potomac fever.

Mr. Speaker, when I was first elected to congress, I must confess that I had never held a prior or other elected office. I was somewhat innocent in even the language of politics.

Soon after I was elected a very kind and gentle lady from my district came to me and said:

Now, Dick, we appreciate the things you said you wanted to do in office, but I want to warn you against getting Potomac fever.

Mr. Speaker, I did not understand the term. I asked the lady, "What is Potomac fever,"

She said:

Well, you've seen it. That's when your Congressman who used to be your neighbor, and understands the values of your community and appreciates the needs of your children, goes off to Washington, and falls in with that Washington crowd and forgets all about the folks who sent him there.

Mr. Speaker, I promised that lady I would not get Potomac fever. Being from Texas I suggested that I already had the Trinity fever after the Trinity River bottom, and I am not going to forget the people who sent me to Washington. The fact of the matter is I represent working men and women of Texas, not the Washington-based, special-interest, power-brokering groups here in Washington.

Mr. Speaker, the fact is the first thing to recognize about this legislation is that it offers the working men and women of America, whether they be in Washington or Iowa, something they do not want, and the best test of that proposition is this: I would ask the working man and woman in this country today, many of whom have what are called cafeteria benefit plans, whether their employer offers them an opportunity to pick and choose those plans that best fit the needs of their families.

□ 2000

If your employer offered you within that cafeteria plan the choice of 10 or 15 weeks of unpaid leave, for any number of reasons, would you choose that instead of increased dental coverage benefits for your youngster's braces, paid maternity leave if you happen to have a wife or be a wife who is still of childbearing age, extended medical coverage for a youngster who may have some difficulty or even for yourself, or any number of other things you might have?

The fact of the matter is, American working men and women do work because they have to. That is no big surprise to anybody outside of Washington.

I have a confession. I would not work if I did not have to. I do not think I am extraordinary in that sense. I would love to have myself a resort in the Caribbean and all the money in the world and never have to do a day's work in my life, but I have worked every day of my life since I was about 14 years old, and I have not liked it and I have done it because I had to. There has been no time in all that period of time where I could afford to take 10 or 15 weeks off work without pay.

I would suggest to you there are very few working men and women in this country that can afford this luxury that this government is prepared in this bill not only to allow them, but to require them to take in their benefits package, whether they want it or not and in lieu of those things they might rather choose, like the dental coverage for the youngster's braces or the paid maternity leave.

The fact of the matter is nobody gets something for nothing in this process and if the Federal Government comes in and tells every employer he must offer this benefit and every employee that he must accept this benefit, then the employers and the employees are going to have a constricted range of options and other benefits will be dropped and the primary cost of this largess will be borne by the working men and women of America.

So it is not needed, except by a small band of special interest groups in America.

Let me illustrate who benefits. The gentleman from North Carolina [Mr. BALLENGER] who just spoke, offered an amendment in committee. The amendment said that if any employer in America offers an equal amount of unpaid leave under the identical circumstances of this bill and does so voluntarily, that employer will be exempted from the mandate. That amendment was voted down by the sponsors of this bill.

It reminds me of an old adage, "Liberals don't mind what you do as long as it is mandatory."

Now, why would they vote that down? Why would they say, "We do not find it acceptable for a lawyer to offer freely and voluntarily what he otherwise might be mandated to offer by the government"? The reason that is not acceptable, that is, the reason freedom is not acceptable as over and against the Federal Government mandate is that if people have the freedom to do something, lawyers cannot file lawsuits, and this bill is lawsuit bait.

That brings me to the unfairness of it, the unfairness to the working men and women of this country having an undesired benefit imposed on them by the government that they neither need nor want, in deference to lawyers making money out of lawsuits, and that is not all the unfairness.

I once called this bill "Yuppie welfare." I was criticized for having done so.

Why did I do that? The fact of the matter is if you go back to the fundamentals of you and me raising a family and paying our bills, if you are a young upwardly mobile professional person and if especially there are two of you with relatively high-income levels working in a two-family earning home, you can afford to take the 10 or 15 weeks off without pay.

Let us say you have two young attorneys, fresh out of law school, have their law degrees in hand and they are making a pile of cash filing lawsuits under the bill passed here that I call parental leave. Now, as they pile up all this money from filing those lawsuits, they soon come to the time when they can afford to take 10 or 15 weeks off without pay, and as they take that time off and leave the office, does the work stop? No. Who bears a greater share of the work of the office while the lawyers are out of town? Well, the legal secretary or the legal aid, that younger, less experienced, less well-educated, less well-paid, more beleaguered employee is going to bear the greater share of the load.

This is a perverse redistribution of real income from the higher earning professional—to the higher income earning professional from the lower earning working man and woman.

I had a group of firemen come in my office. They said, "We want you to support this."

I said, "Why do you want me to support this? How many of you rank and file firefighters on the line could afford to take 10 or 15 weeks off without pay if the Government gave you this wonderful benefit?"

And they looked around and they said, "Well, none of us could."

And I said, "That is precisely true. So you are asking me to support a law that will give you something you can't use."

Well, that did not make sense to them.

I said, "Suppose we pass the law. Who do you think might be able to afford to take the 10 or 15 weeks off without pay?"

And one of them scratched his head and said, "Well, the supervisors, the higher paid folks."

"And if the supervisors are off for 10 or 15 weeks, who is going to do their share of the work?"

"Well, we are, we rank and file working people."

I am telling you, that is a nasty spirited, unfair redistribution of income from the poorer, more hard working, less privileged, to the more affluent, more privileged working men and women of this country.

There is one other point I would like to make about this bill. This bill says that we will in one form or another pay more people more money for the same or less work. In particular, we will pay more money for less work. That is the fundamental root cause of inflation, and if with this kind of legislation we create what is known in the discipline of economics as cost-push inflation, which pushes up the price of groceries, rents on houses, gasoline for

automobiles, dental services for your children, once again the working men and women of this country that struggle so hard to make ends meet, who cannot afford to take 10 or 15 weeks of their work year off without pay and must struggle through, will be forced to bear an increased cost of unnecessary, undesirable, unwanted Federal legislation, so that some Washington-based group can brag to their Members:

> We got you a chance to file more lawsuits. We got you a chance to show everybody that you are a socially relevant activist group and you can feel good about how contemporary your thinking is.

Now, it is argued that one reason we ought to pass this legislation is that such prominent governments as those in Europe, the semi-Socialist countries in Europe, like Sweden and France, have this kind of legislation. I would suggest to anybody who would advocate the passage of this legislation in light of its existing status in the laws of these countries to check the unemployment statistics for women of childbearing age in these countries. Whether intended or not, the practical results of the passage of this legislation in other countries has been a bias against the hiring of young women of childbearing ages. That is not enlightened. That is not progressive. That is not fair. It is not decent public policy in the special interests in disregard of the public interest, and I would suggest that the Members of this body ought not to have Potomac Fever. They ought not to represent the narrow special interests of Washington-based power brokers, but they ought to represent the true needs, the true requirements of men and women in their districts back home who work hard every day under very difficult circumstances to make a home for themselves and their children.

□ 2010

I appreciate the gentleman from Iowa taking this time and yielding to me.

I hope passionately, with all my heart, that this Congress will not again unthinkingly pass legislation as it did in the case of the catastrophic health care bill, as it did in the infamous section 89, which heaped a burden again on the working men and women of America and results in massive loss of benefits packages across the Nation for working men in this country so that somebody in this town can feel good about their social relevance.

I will say again about this bill, as I said about so many of these others, compassion without understanding is cruel and mean-spirited punishment to the people who hire us and pay our salaries, and we ought not to engage in such shallow thinking.

Mr. GRANDY. Mr. Speaker, I thank the gentleman. I particularly thank him highlighting what I think is the most onerous part of the bill, which is the hypocrisy. Like most high-minded, mean-spirited labor bills that we pass, the Family and Medical Leave Act will hurt those people it purports to help, minorities, women, the underskilled, the underprivileged, and families struggling to make ends meet, exactly the people we are supposedly extending our hand to, but really our clenched fist. Would the gentleman not agree?

Mr. ARMEY. I agree with the gentleman. It puts me in mind of an analogy I drew some years ago, that while we extend the visible hand of Government, we also reach out with the invisible foot of the Government, and we kick a lot of folks around. It is our job to read the fine print, think deeply about these matters, and ask, in every legislative effort, who benefits and who pays the cost. The gentleman is exactly right. Those folks who can least afford it pay the costs on behalf of those folks who least need the additional benefit.

Mr. GRANDY. That is true, and I think it is probably something that we could all agree upon, particularly those of us who oppose this legislation, that a benefit mandated is ultimately a benefit denied, because bargaining is denied, and if the flexible plan cannot be tailored to meet the flexible needs of the work force, you will probably contract them.

The interesting thing is that when we talk about mandated leave, we are really not opposed to leave. We are not opposed to parental leave. We are not opposed to bereavement leave. We are not opposed to any kind of leave. What we are opposed to is mandate it, because in so doing, we limit those options.

The irony here is that our workforce right now is responding much more quickly than those of us with Potomac fever to the changing demographics of the workplace. There are more women in the workplace. There are more working couples. In a few years' time, I dare say, there will be more elderly people returning to the workplace, and the workforce, that is, the employer side in this country, is responding.

Here are what some of the surveys are showing already. In 1988, the American Society of Personnel Administration surveyed 1,500 companies of all sizes. Eighty-nine percent had some form of disability leave; 69 percent of that was paid. Does that sound like an employer force in this country that is a bunch of Simon Legrees that are not responding to the needs of their employees? The National Council of Jewish Women's Center for the Child in 1987 went to 100 communities and talked to 2,000 employers. Seventy-two percent of the women in firms of 20 or more receive a minimum leave of 8 weeks of job-protected leave for pregnancy, and if we look at the demographics between 1986 and 1988, the number of flexible benefit plans has increased drastically, meaning the trend is in the favor of the employer and the employee sitting down and working out the arrangement that best suits both of them. Why? Because the employer is going to need that person in the workforce 2000. He is going to need them to compete with companies down the street and companies on the other side of the Atlantic and the Pacific. So he offers life and health insurance, and he offers dental and vision care, and he offers a greater paid vacation, and he offers sick leave, maternity leave, bereavement leave, educational assistance, and adoption assistance, and he offers profit sharing and employee discounts. He lets the employee pick what he or she needs.

A young working couple with children who are older than newborns are gonig to need some kind of child care. They are more concerned with what happens in the first 10 years of life as opposed to the first 10 weeks. They will need some dental care.

An elderly couple that is going back to work, trying to supplement their income, may want something entirely different. They may want some vision care. They may want to set some money aside for long-term care.

What we have right now is a relationship that is not in any way controlled by the Federal Government, and in that sense, it is not limited by the Federal Government.

Mr. ARMEY. Mr. Speaker, will the gentleman yield?

Mr. GRANDY. I am happy to yield to the gentleman.

Mr. ARMEY. I believe that I am correct that there is no Federal law that mandates paid maternity leave. Is that correct?

Mr. GRANDY. There is no law that mandates paid maternity leave yet.

Mr. ARMEY. Again, I find myself fascinated by this curious thought process that is called Potomac fever. There is no law on the books that says that thing which is clearly more desired, more needed by more working men and women in this country, paid maternity leave, it is not mandated by the Government. The Government, instead, chooses to mandate something they clearly do not want, would less prefer, and could not use, and again, the point of the gentleman is well taken: Despite all of the evidence we have of those firms and those employees that have voluntarily and freely worked out a fair arrangement between themselves, this bill expressly refuses to allow anybody who would do the same or more freely and voluntarily to be exempted by the Federal mandate. The bill is of no value to its

sponsors unless the Federal Government is requiring this one very narrowly defined, very useless benefit, and if anybody can tell me how that is in any way in the interests of the working men and women of this country to have this imposition on their rights, this reduction of their freedoms, this mandate on their family budget by an unthinking, uncaring special interest group, then they can give me some basis by which I might consider the possibility that I would vote for this bill and against the needs of my constituents.

But to this day, nobody has given me one legitimate idea why this is good public policy.

Mr. GRANDY. Mr. Speaker, reclaiming my time, I thank the gentleman for his comments.

It is quite clear that the employer community of this country is responding a lot faster than Government, Federal or State, ever could.

I have here an article from the Washington Times which is dated May 31, just last week, itemizing the benefit package which AT&T just negotiated with the Communications Workers of America, which is probably the precedent for the most generous leave, parental, medical, adoption assistance, flexible hours, and resource and referral services provided for child care. This is a hallmark.

Does the gentleman think the Government could ever write this? Listen to what one of the executives says regarding this legislation, quoting from the article now:

> Arline A. Johnson, a senior research associate with the New York-based Conference Board's Work and Family Information Center, said the group will release a report this summer showing that more than half the nation's Fortune 500 companies offer some form of family or medical leave.

Interestingly enough, if this issue is burning in the hearts and minds of Americans, if they are clamoring for this, much the same way they clamored for section 89 or catastrophic health care, as the gentleman from Texas pointed out, then why do we have a survey from the Washington Post-ABC News Service that found only 3 percent of the American public believed that parental-leave should be given a high priority in Congress? They want leave, but they do not want us to give it to them, and that is the problem. We do not help small business. We do not help small labor. We merely tread on their feet.

One of the reasons the proponents of this bill will continue to argue for it is they will say, "But it is so cheap."

If we dig out the cost, it is only $4.50 per employee. The GAO had reported in 1987 that to provide mandated leave for 50 employees will only cost the taxpayers $188 million a year. When we go to 35 employees it is a mere $212 million, a pittance, not even real money.

Of course, by 1989 they had to readjust their estimate because health care has increased by 30 percent. So now we are talking about $244 million, $276 million if we are talking about 35 employees, and we will. But even there, even when we are talking about short money like that, we are also talking about health care which is growing faster than any other expense in our economy. And we are not talking about any of the other costs that these businesses incur.

This survey that the GAO conducted for the Education and Labor Committee went to two towns, Detroit, MI, and Charleston, SC. To give Members an idea of how far that is from my district, Charleston, SC, and North Charleston would constitute the largest four cities in my district if they were in rural Iowa. Detroit would be my State, and yet 80 firms in these two towns reported the data that now serves as the base for this legislation, completely unfounded, completely biased. Yet this is the criteria that we are using.

What is omitted from this survey is even more telling. We do not talk about lost productivity, we do not talk about training costs, we do not talk about replacement cost, we do not talk about unemployment insurance which businesses will have to pay for temporary employees, and we do not figure in those COBRA benefits which have to be paid if your employee decides to leave your employ while he or she is on leave. And do not forget, as the gentleman from North Carolina already said, he does not even have to tell you, he does not have to give you any notification whatsoever.

So how can we quantify what the costs are? And I have not even talked about litigation or talked about the cost that I think is the most insidious of all, the businesses that will not grow or expand because they are afraid of this legislation.

Mr. ARMEY. Mr. Speaker, will the gentleman yield?

Mr. GRANDY. I yield to the gentleman from Texas.

Mr. ARMEY. I think another cost we must be sensitive to is that human cost to those employees left behind when the supervisors take their leave. Think in terms of yourself being a young, legal secretary with a couple of children at home, working hard all day long and then having the additional burden for 10 or 15 weeks of the boss' slack time, work they left behind, and then go home after a hard day's work with that additional burden, and no increase in salary to compensate for taking up the boss' slack while they are out of town. That is the human cost of this bill that is so tragic, because it falls so heavily on those people whose lives are so beleaguered and so less privileged that they cannot afford to carry the burden for somebody who cannot afford to take 10 weeks off and then go home and be cheerful with their children.

Mr. GRANDY. I appreciate the gentleman's comments, particularly because he talks about the human side of this bill. He talks about the human cost. Normally Republicans are chided for talking in terms of econometric models, macroeconomics, and microeconomics, and very rarely about people. This bill is entirely about people, but more to the point, it is about discriminating against people.

Who? Single people clearly, because they do not have children and cannot use the maternity side of these benefits. Childless couples, and there are many in this society; low income families who, as the gentleman from Texas pointed out, could not use an unpaid leave benefit; and older workers, as I mentioned earlier. It clearly discriminates against small business and small towns and rural environments who cannot compete with larger urban areas to attract businesses that could accommodate temporary labor pools. And do not forget we are talking about small business, which in the last 10 years has created 70 percent of the 14 million new jobs, small business which right now, according to the National Federation of Independent Business Survey, at least 72 percent of their membership provides some sort of leave policy. But finally we are talking about discrimination against women, women who have the potential to bear children.

Under this bill, under the antipregnancy statutes that we have, under any of the civil rights legislation we have, there is nothing that protects a woman who applies for a job, who is 25 and able to give birth, and a woman who is 50 and cannot, from applying to the same employer and that employer thinking, most likely to himself, why should I take a chance on this young person who might leave me. That person who needs the job the most is least likely to get it under this bill.

Once again we are talking about the people we are most trying to help. Let me read at this point a quote from a person who testified in front of our Subcommittee on Labor-Management Relations, Ms. Synthia Simpler, personnel manager for the James River Corp., who is herself a mother and is affected by this legislation. She had this to say:

> There are other, less apparent costs involved as well. Since working women will be viewed as the most likely candidates for parental leave, hidden discrimination will occur if this bill becomes law. Women of child-bearing age will be viewed as risks, potentially disrupting operations through an untimely leave. Anyone who has had a secretary out on maternity leave knows how chaotic the office is when an inexperienced

temp steps in to take her place. Who takes care of the territory when a sales representative drops out for ten weeks? Who will close the books if the only accountant in the plant goes out on parental leave? Unlike men, women must still constantly prove that they can handle the responsibilities of work and family at the same time. If this legislation passes, it will only reinforce the prejudices which already exist. Consequently, we will find "employment opportunities" in less critical, lower paying jobs.

What she is saying, Mr. Speaker, is that this bill is a testament to chauvinism. Who in this body is for chauvinism? Not even the gentleman from Texas.

So I ask: Are we talking about benefits delivered or benefits denied? To me there is no question. This is a legislative initiative looking for a problem. Why are we writing a law when it is not even being asked for?

Child care, yes. There is a great need for child care. And vocational training, yes. We have already responded to those two categories.

But leave, mandated and regulated by the Federal Government? Not now, and hopefully not ever.

Mr. Speaker, I include for the RECORD two letters, one from the Secretary of Labor and one from the Department of Justice, both saying that this bill is an absolute veto if it contains a mandate.

The letters referred to follow:

U.S. DEPARTMENT OF LABOR,
Washington, DC, March 7, 1989.

Hon. FRED GRANDY,
House of Representatives, Washington, DC

DEAR FRED: I appreciate receiving your views on the Family and Medical Leave Act which is scheduled for consideration by the Committee on Education and Labor on March 8, 1989. I share your concern that a mandated benefit approach would have negative consequences for the continued creation and preservation of jobs in our economy. That is why H.R. 770 is unacceptable.

As Secretary of Labor, I am sensitive to the changing needs of the American workforce. As workforce demographics change, particularly as women enter the workforce in increasing numbers, there is a growing need for flexibility in employee benefit options. Employers increasingly understand this need for flexibility, and many are working with their employees to develop appropriate personnel practices. H.R. 770's mandated approach, instead, would impose needless rigidity in the employment relationship.

The Administration supports and encourages parental and medical leave policies designed to meet the specific needs of individual companies and their employees. We strongly believe this can be best achieved voluntarily; therefore, the Administration strongly opposes the mandated approach to employee benefits.

Additionally, the mandatory leave policy in H.R. 770 would:

Reduce overall employee benefits as companies eliminate voluntary benefits in order to afford new parental and medical leave requirements;

Impose the costs of leave mandatorily on employers regardless of their ability to absorb such costs thus reducing their productivity and U.S. competitiveness—the impact on small business would be particularly substantial; and

Create a new and costly Federal bureaucracy to administer and enforce its requirements.

Indeed, I will recommend to the President that he veto any mandatory leave legislation presented to him.

The Office of Management and Budget has advised that there is no objection to the submission of this report to the Congress and that enactment of H.R. 770, or any other mandatory leave legislation, would not be in accord with the program of the President.

Sincerely,

ELIZABETH DOLE,
Secretary of Labor.

U.S. DEPARTMENT OF JUSTICE,
OFFICE OF LEGISLATIVE AFFAIRS,
Washington, DC, April 19, 1989.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Committee on Education and Labor, Washington, DC.

DEAR MR. CHAIRMAN: This letter is to inform you that the Department of Justice opposes the enactment of H.R. 770, "The Family and Medical Leave Act of 1989." This bill, which would establish a uniform, national policy compelling employers to provide up to 10 weeks' parental leave in any 24-month period or 15 weeks' medical leave in any 12-month period to employees on the birth, adoption, or placement for foster care of a son or daughter, or upon the serious illness or injury of themselves, their sons or daughters, violates two policies of this Administration: (1) generally relying on private initiative and negotiations among employers and employees to set the terms and conditions of employment; and (2) in the absence of a compelling need for national uniformity, relying on state rather than federal regulation. Because of our strong commitment to these policies, the Justice Department will recommend to the President that he veto this bill if it is passed by the Congress.

We understand the laudable goals of this bill—to enable employees to attend to family needs and at the same time continue with their jobs and careers—but we think that mandatory federal legislation is an inappropriate way to achieve them. H.R. 770 is fundamentally at odds with historic practice and would preempt private employment agreements and state health and welfare regulations. It is also fundamentally inconsistent with this Administration's stated philosophies and policies.

The Constitution establishes a national government of limited powers, expressly providing in the tenth amendment that "[t]he powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." However, even when Congress has the constitutional authority to act, in many cases there are sound policy reasons for Congress to defer to the states. This notion is based on the belief that the states, and not the federal government, are in the best position to respond to the perceived needs and desires of their citizens. Where there is no compelling need for national uniformity, states should be free to devise their own programs, tailored to their citizens' needs. Not only can they learn from each others' successes and failures, the states can take into account regional differences that a uniform, national program might overlook. On occasion, attempts by the states to find solutions can reveal a genuine need for a national solution: in that event, state experience frequently serves as a valuable guide to national lawmakers.[1]

But to unilaterally impose a national solution to an issue already being addressed by private employers, labor organizations, and the states is to put the cart before the horse. Health, safety and welfare regulation traditionally has been the responsibility of the states. They uniquely possess the resources and competence to discern the conditions, needs and desires of their citizens on these issues, and the expertise to enact laws to address those concerns.

The Department of Justice opposes enactment of H.R. 770 because the bill mandates federal intrusion into the relationship between employer and employee—a matter best left to the private sector, to collective bargaining and individual choice. But if it appears, in the judgment of state legislatures, that some regulation is desirable, the matter should generally be left to the states. Given the difficulty of divining the costs and benefits, and determining the appropriate levels of such leave policies, allowing the states to serve as laboratories and to experiment with a variety of approaches to the perceived problems is preferable to imposing national regulation. At least seventeen states—including California,[2] Tennessee, Louisana, Oregon, Minnesota, Connecticut, and Rhode Island—already are experimenting with such laws, and their experience will be instructive to others.[3] The Department of Justice sees no compelling need for a national rule on this subject.

More specifically, section 102 of H.R. 770 defines "employee" as any person who has been employed by the employer for at least 900 hours of service during the past 12 months, and for at least 12 months. Based on a 52-week working year (12 months), H.R. 770 would entitle employees who worked only 17.3 hours each week to invoke the entitlement of this Act.

An "employer" is defined in H.R. 770 as anyone who employs 50 or more employees at any one worksite for each working day during each of 20 or more calendar workweeks in the current or preceding calendar year, and also includes any public agency. Thus, the bill could have very adverse effects on small business.

Section 103 of H.R. 770 outlines the parental leave requirement. An employee would be entitled to 10 workweeks of parental leave during any 24-month period as the result of the birth or placement for adoption or foster care of a child, or to care for a child with a serious health condition. Medical leave could be taken intermittently. Leave may be unpaid, except for the following situation: if an employer already provides paid parental leave for fewer than 10 workweeks, the balance may be unpaid leave, but either the employee or the employer may elect to substitute accrued paid vacation, personal leave, or other paid leave for any part of the 10-week period. The bill

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[1] For example, had it not been for the experience of each of the thirteen original colonies in grappling with the establishment of state governments, those who gathered in Philadelphia in the summer of 1787 to draft our national charter surely would not have so successfully discharged their task.

[2] California's law recently was upheld by the Supreme Court in *California Federal Savings & Loan v. Guerra*, 107 S. Ct. 683 (January 13, 1987).

[3] See M. Brannigan, Laws on Parental-Leave Benefits Draw Opposition from Employers, Wall St. J., Oct. 12, 1987, p. 20.

contains certain requirements for giving notice where the need for leave can be foreseen, so as not to disrupt unduly the employer's operations.

For non-federal employees, spouses employed by the same employer are entitled to an aggregate of 10 workweeks of parental leave during any 24-month period under Title I of H.R. 770. Presumably, an unmarried couple not "husband and wife" within the definition in Section 103 would qualify for 10 weeks' leave apiece, since "son or daughter" is defined in Section 102 without respect to the marital status of the parents. We assume that this anomalous preference for unmarried parents over married parents is unintended.

Section 104 of H.R. 770 provides that "[a]ny employee who, as the result of a serious health condition, becomes unable to perform the functions of the position of the employee" shall be entitled to temporary medical leave, not to exceed 15 workweeks during any 12-month period. This section does not distinguish between illness or injury which may be considered permanent as opposed to temporary. This Department has a fundamental objection to the unilateral imposition of a national rule in an area better left to individual choice or collective bargaining negotiations.

Section 107 of H.R. 770 provides for enforcement of this legislation by the Secretary of Labor. Interference by any employer with the rights conferred by this bill is prohibited. Section 108 charges the Secretary of Labor to issue rules and regulations concerning service of complaints, notice of hearings, and other proceedings related to complaints brought under this Act. The United States Department of Labor is charged with enforcement and required to establish a comprehensive bureaucracy to handle investigations and process complaints. Administrative hearings are provided for, and settlement agreements authorized, but if the Secretary does not act in a timely fashion the charging party may bring a civil action in federal court.

Section 109 of the bill authorizes enforcement of its provisions by civil action. This section of the bill is problematical in several respects. First, subsection 109(a)(2) allows aggrieved employees to seek relief in court without exhausting administrative remedies. The lack of an exhaustion requirement lessens the possibility of informal dispute resolution and would add to the congestion of federal court dockets. Furthermore, an administrative procedure might be largely ignored if not made mandatory.

A second problem with the bill's civil enforcement provisions is its grant to the Secretary of Labor of authority to appoint attorneys to appear for and represent the Secretary in all courts other than the Supreme Court. Section 109(d). A grant of independent litigating authority to a department other than the Department of Justice would be contrary to the longstanding policy that, other than in limited and exceptional circumstances, the conduct of litigation in which the United States or its agencies is a party "is reserved to the officers of the Department of Justice under the direction of the Attorney General." 28 U.S.C. 516. There appears to be no reason to consider this to be an exceptional circumstance. More particularly, this approach is dissimilar to well established procedure such as that under the Fair Labor Standards Act (FLSA) by which litigation involving the United States is under the direction and control of the Justice Department. The FLSA approach avoids the risk of the Government appearing to take inconsistent positions.

Finally, section 109(a) gives the right to bring a civil action to "an eligible employee or any person, including a class or organization on behalf of any eligible employee." Just how broad a concept of standing is contemplated by this language is not clear. It could, for example, be read as being broader than constitutional and prudential restrictions on the standing of plaintiffs to sue in federal court would allow. See, *Valley Forge Christian College* v. *Americans United for Separation of Church and State*, 454 U.S. 464 (1982). Also, the subsection's use of the term "class" tends to confuse the representational standing granted by this section of the bill with concepts of class action litigation under Rule 23 of the Federal Rules of Civil Procedure.[4]

Section 111 outlines the relief which may be granted if a violation is found. Relief may range from a cease and desist order or an injunction to monetary damages in the amount of wrongfully denied wages or benefits, plus interest, plus either the same amount as liquidated damages or consequential damages not to exceed three times the amount of actual damages determined. A prevailing party other than the United States is entitled to reasonable attorney's fees in addition to any other amount awarded. Clearly, statutes that provide for double, or even triple, damages could be potentially very expensive for employers, and could tend to encourage litigation. Experience with the antitrust laws suggests that the prospect of multiple damages frequently leads businesses to settle cases in which liability is dubious at best, rather than risk a court award of several times the amount of actual damages.

H.R. 770 would require the establishment of even more onerous parental and medical leave entitlements for civil service employees. However, in many respects, procedures currently in place for civil service employees are more flexible than those that would be imposed by H.R. 770. Civil service employees accrue sick leave at the rate of four hours every two weeks, or 13 days a year, and agencies may advance up to 30 days of sick leave to an employee with a serious disability or ailment. Employees may use sick leave for incapacitation due to childbirth. Civil service employees also accrue annual leave at the rates of 13, 20, or 26 days a year, depending on the length of their Federal service. Sick leave accumulates without limit during an employee's Federal career. In most cases, an employee can accumulate annual leave and carry up to 30 days from one year to the next.

Leave without pay may be requested and granted in amounts limited only by the employing agency's discretion. Employees who feel that leave has been denied them unfairly may appeal administratively, or if they are covered by a bargained agreement, may file a grievance. Civil service employees also enjoy firm job protection whenever they are on approved leave, whether paid or unpaid. In addition, employees (and their covered dependents) continue to be eligible for health and life insurance benefits. The Office of Personnel Management has urged Federal agencies to show flexibility and accommodation in granting leave to both natural and adoptive parents.

H.R. 770 would also establish a Commission on Family and Medical Leave to conduct a comprehensive study of existing and proposed policies relating to parental and medical leave, and their effect on small businesses. Many private-sector employers are alarmed at the potential cost of being required to provide unpaid parental and medical leave. A new Commission is not needed, and would intrude further into the labor market by creating pressure for the expansion of the leave benefits mandated by the bill.

CONCLUSION

To conclude, H.R. 770 is simply irreconcilable with this Administration's philosophical views and goals. The Department of Justice can see no compelling need for uniform federal regulation of employee leave policies. We believe that the burden should rest on those who support such a departure from past practice to articulate some principled reason for the federal government to intervene in an area historically reserved to private agreements between employers and employees, collective bargaining agreements, and the states. If this bill is passed, the Department of Justice will recommend to the President that it be vetoed.

The Office of Management and Budget has advised this Department that there is no objection to the submission of this report to the Congress and enactment of H.R. 770 or any mandated leave legislation would not be in accord with the program of the President.

Sincerely,

CAROL T. CRAWFORD,
Acting Assistant Attorney General.

Finally, Mr. Speaker, I want to respond to something that my friend, the gentleman from Texas, said when he was talking about Sweden as some kind of a model that we may want to emulate.

It is true that they have a very high unemployment rate. It is true that they have a stagnating economy. But it is also true that they are probably the pinnacle of mandated leave benefits around the world. As a matter of fact, they are really the source from whence all blessings flow.

The leave policy in Sweden is almost too good to be true, 1 year of leave after childbirth, with the first 6 months paying 90 percent of your salary. After that, free day care. But do Members know what is incongruous about that? Forget the economics for a minute and look at the human cost. Sweden has the fastest growing divorce rate in Europe. It also has one of the lowest birth rates in Europe.

France, which has another marvelous policy, working mothers get 4 months of parental leave at more than 80 percent of their salary, State-run day care at a nominal cost. Their marriage rate tumbled 20 percent from 1980 to 1985 and the divorce rate went up 20 percent.

That is not to say we are models of family unity, but it certainly does strike a blow when we try and make a correlation between mandated leave

[4] In class action litigation, a named class representative litigates a claim on behalf of a large class of members, while this bill contemplates having a group or organization bring suit on behalf of a named individual.

and family solidarity, strengthened family units. It does not equate.

Finally, Japan, the country we love to hate, has a leave policy of 12 months. But Japan also has a policy that says that 40 percent of the work force, which are women, are the least paid, least significant people in the work force. They wear uniforms, they almost never aspire to executive positions, and they work for roughly half of the salary of men. As a matter of fact, a woman who did aspire to become an executive of a large department store had this to say:

I was directly told what a shameful thing it was to continue working when I was pregnant, that it doesn't look good to be working.

Is that the kind of values we want to emulate? I think not.

Finally, it goes without saying that those of us on the committee who oppose this legislation do not oppose the working men and women of America.

□ 2030

We want to help them help themselves. Unfortunately this bill does just the reverse. It reduces their ability to get jobs, it reduces their abilities to keep jobs and finally it reduces the benefits in those jobs which they will eventually be able to avail themselves of.

In my area in a part of the country that is just beginning to recover from the farm crisis, just beginning to crawl out from under the effects of last year's drought, that is probably the greatest single disincentive to rural development that you can find.

So I thank the gentleman who participated in this special order tonight, and I look forward to hearing my colleagues who come after talk about rural development, and I hope that if they are listening to any of this they will keep in mind that we do nothing for rural development if we create rural dismantlement side by side.

Mr. SHUMWAY. Mr. Speaker, I appreciate having this opportunity to discuss my criticisms of the Family and Medical Leave Act. This is yet another example of bad policy masquerading as a noble goal. Indeed, as one of our colleagues has pointed out, this bill has all the earmarks of becoming our next great regret, a repetition of the disastrous catastrophic care effort, which created far more of a problem than it resolved.

What is wrong with the Family and Medical Leave Act? Just about everything, in my view. First, it is neither appropriate nor desirable for the Government to determine family leave policy. The Federal Government, by its very nature, can only issue broad edicts. They are necessarily inflexible, unsuited to every situation, and therefore erosive of liberty and freedom for some Americans. Freedom of choice for parents and freedom of contract between employer and employee make far more sense. Such liberty enables potential employees to negotiate for the benefits they require. It also allows parents to determine the most appropriate action to take concerning their families.

Perhaps the most ironic consequence of the bill is that it would be counterproductive. Instead of helping women in the labor market, the bill would hinder their advancement. Similar laws in European countries have effectively decreased the ability of women to compete in the labor market. Since leave benefits are an added cost, employers probably would avoid hiring candidates who appear likely to require those benefits: women, especially married women of child-bearing age.

Women would be hurt in many ways. If more of them are encouraged to enter the work force as a result of this legislation, wage rates in some occupations they dominate could decline. Older women, or those with older family members more likely to develop chronic or disabling illnesses, would hardly be favorable candidates for hire. And women most in need of assistance would be those most affected: Those with little experience, education, or skills.

Business and industry employing large numbers of women, particularly retail and service industries, would be forced to increase prices to offset the cost of the new benefits. The resulting decrease in demand could lead to layoffs, the majority of whom would be women. Employers attempting to avoid higher prices by absorbing the cost of benefits might be forced to decrease output—another erosion of jobs, and a detriment to the entire economy.

Finally, if enacted, the bill would create a costly administrative nightmare, one which encourages lawsuits and associated expenses, and which decreases productivity.

In summary, when Uncle Sam dictates inflexible policies like these, there are few winners and many losers. If this bill becomes law, some women may benefit greatly, but at the expense of many other Americans, including many other women. Individual liberty will suffer, as the State removes personal choice from the hands of women, parents, employers, and workers. The vast majority of American firms already have some parental leave policy, in response to market demands. Those policies, some formal, some informal, are able to adapt to the changing dynamics of the work force and the marketplace. There is no need to legislate a costly, intrusive, restrictive compulsory program which is incapable of recognizing individual differences. We need less Federal meddling into family decision-making, not more.

GENERAL LEAVE

Mr. GRANDY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of my special order this evening.

The SPEAKER pro tempore (Mr. PICKETT). Is there objection to the request of the gentleman from Iowa?

There was no objection.

RURAL DEVELOPMENT

The SPEAKER pro tempore (Mr. PICKETT). Under a previous order of the House the gentleman from Oklahoma [Mr. ENGLISH] is recognized for 60 minutes.

Mr. ENGLISH. Mr. Speaker, I am privileged to serve as the chairman of the Agriculture Subcommittee on Conservation, Credit, and Rural Development. Yesterday, we launched a month-long series of hearings concerning rural development. These hearings are essential to the development of a comprehensive rural development package which the subcommittee will draft for inclusion in the 1990 farm bill. All of us who represent rural areas are aware of the need to aid rural communities. However, we have the important task ahead of us to inform those who are not familiar with the plight of rural America.

People have a right to chose where they live and should expect to receive equal opportunities in basic fundamentals of growth such as health care, education, transportation, capital availability. Many Americans want to live in a rural community, raise their children there, and be free of the many problems found in large urban centers. But, if we neglect this unique part of the American heritage, we will not be able to escape the consequences which we as a legislative body will ultimately be forced to address. Unable to live where they want to, rural residents will continue to flock to our Nation's cities, placing even greater demands on already limited resources and overextended infrastructures. It is therefore sound national policy to undertake efforts to breathe new life into our rural communities.

Mr. Speaker, the statistics supporting the need for a comprehensive rural development package speak for themselves: between 1982 and 1986, over half of the nonmetro counties lost population, and 1 million people left rural areas for urban ones in 1986 and 1987. Rural unemployment rates are 31 percent higher and rural per capita income averages 25 percent lower than in urban areas. Rural schools have far fewer resources and higher dropout rates than their urban and suburban counterparts, and the higher proportion of older residents in rural areas requires greater expenditures per capita on health care.

In the late 1980's, to travel from a major metropolitan area to a small rural region is to take a leap through time. The towns that dot huge stretches of our country too often suffer from a sort of benign neglect, through which their foundations are silently being eroded. The basic elements of life in any community—capital investment, health care, transportation, education, and water—are for rural America rapidly becoming luxuries they cannot afford rather than necessities they can depend upon.

Mr. Speaker, our hearings, like the final product, will be comprehensive in nature. We want to hear from those organizations and individuals from around the Nation who work with rural development issues every day. Congress cannot be the expert in designing a successful rural development package. Instead, we must depend upon the sound consultation of those who truly are the experts in this area to work with us throughout the entire process.

Let me also say, Mr. Speaker, that the final product, the legislation that is produced through these hearings, that legislation will offer a helping hand, will provide assistance, but it will not guarantee success for all communities. Ultimately it will be up to the people, the people who live in the rural communities of this Nation who will have to basically determine the success or failure of their communities.

We can offer the help, we can offer the assistance, we can provide the tools with which those communities can grow, but the ultimate success or failure will be up to the people who live in the rural communities of America.

Mr. Speaker, I yield to the gentleman from Mississippi [Mr. ESPY].

Mr. ESPY. I thank the Chairman for yielding to me and for being so eloquent on the needs and the problems in rural America.

I would like to associate myself with the words of my chairman of the Subcommittee on Conservation, Credit, and Rural Development, of which I am a member.

We have started hearings to discuss the problems of rural America in an effort to include the recommendations in the bill which will be marked up, as the chairman alluded to.

I want to offer myself to him completely because this is a tremendous problem. There will be others who will come tonight to present specifics on how to resolve this problem and to help you do something about it.

I suppose, Mr. Chairman, we are saying when it is all told that America is a great chain of States and in order to make this chain stronger you really must focus some of your resources on the weakest link.

In my opinion, that weak link is really rural America.

Now is the right time to make a push on the development of our small cities, our small towns. Now is the time to come to grips with the plight in rural America which is manifested in the decline of our rural hospitals, manifested in the migration of citizens from rural towns all over America, manifested in problems with capital formation and capital investment, infant mortality and other problems that I am sure we will mention tonight.

So it is time, Mr. Speaker, to go ahead with a comprehensive bill to address these problems that not only affect one region of the country but in fact all of America.

So I would like to thank the chairman for putting together this special order and allowing me to participate in it.

Mr. ENGLISH. If the gentleman would yield, I would like to state I want to commend the gentleman from Mississippi [Mr. ESPY], a member of the Committee on Agriculture, for the fine leadership he is showing with regard to rural development. Mr. Speaker, I think the gentleman is being a bit too generous with regard to the credit. He is the one who did so much to put together this special order and the effort to try to put the spotlight on rural development to emphasize to our urban colleagues the importance of rural development as well as making sure that our rural colleagues have the opportunity to present their views to the Members and to the country.

Mr. ESPY. I thank the gentleman very much.

Let us talk about the face of rural America: Last year in my district right before Christmas there was an elderly black woman, 87 years old, by the name of Cormiller Andrews, who lived in a condition, Mr. Chairman, which was dismal and horrid. She spent her 87th birthday in a rundown utility shed on a rural back road of a town in my district, a small town of 1,500 people. That shed had been her home for the last 30 years. It certainly had no heat, no indoor plumbing, no electricity.

For 5 years before she came to live there, her only shelter had been two old rusty refrigerators that she had pulled together and covered with a piece of tin and put blankets around to shield her from the Mississippi winters.

Somehow she survived. Her life is not very different from that of 40 to 50 people who reside in another community also in my district, also very small. And while the homes provide better shelter than Cormiller's, most of the residents of their community have gone all their lives without clean drinking water.

□ 2040

Some are fortunate to have wells, and the others have cisterns, but then by far most of the people living in this community catch rainwater for drinking, and many use a polluted creek nearby for washing clothes, bathing and cooking. Just think about it in America, the most powerful country on the face of the Earth, in 1989, people have to suffer through conditions like that that are tantamount and akin to conditions in Cuba and Costa Rica and Third World countries. The living conditions of the poor in these two communities are not uncommon for many low-income families living in rural areas throughout the Nation.

While poverty is most often thought of as an urban problem, in fact, it is growing at a faster rate in rural America than in the Nation's inner cities. We can go on and on about the statistics. Unemployment is higher, per capita income is lower, and the misery index is greater, in my opinion. Few places are more depressed, less developed, than a seven-State region in an area that we call the Lower Mississippi River Valley, which ranks at or near the bottom in practically every social and economic indicator. Three States in the region—Mississippi, Louisiana and Arkansas—have among the highest rates of poverty in America.

Concern for the poor of this region prompted me, as well as the gentleman from Mississippi [Mr. WHITTEN] in the 100th Congress to introduce something that we call the Lower Misissippi Delta Development Act which was authorized in the other body and enacted by Congress last year as part of the rural development and agricultural appropriations. This measure created a nine-member commission assigned to conduct an 18-month study in the region which includes parts of Mississippi, Arkansas, Louisiana, Illinois, Kentucky, Missouri, and Tennessee. The commission consists of one member from each State appointed by the representative Governors. In fact, three Governors appointed themselves as sitting members of this commission: the Governors of Mississippi, Arkansas, and Louisiana, as well as one member appointed by former President Ronald Reagan, and one appointed by the SBA. The Commission is empowered and presently sitting and having hearings and will present their findings and recommendations to the Congress, the President, and the Governors of the concerned States roughly 1 year from now.

Mr. Chairman, this is one approach. Hopefully, the recommendations that they will present to Members in their interim report during August, and the final report due next year, will be finished and in the bill that we will be marking up. This study commission will prove to be vital in bringing national attention to an area whose influence has faded in recent years.

As more of your young people leave family farms and small family businesses for educations and career opportunities in urban centers, the voice of rural America grows ever fainter on Capitol Hill. Although more than 70 million citizens still live in America's rural communities, few Members of Congress represent predominately rural districts.

The new commission can be a persuasive voice in Washington for those living in the blighted delta region. By developing policies that could improve that region's economic and social conditions and help Members fill our new President's word of bringing forth an America which is kinder and gentler.

The need is urgent. What could be more urgent than employment rates in the high teens, even higher for minorities? What could be more urgent than per capita income of less than $10,000? In my district, 154,000 people still make about $5,000 a year in 1989. What could be more urgent than illiteracy rates and infant mortality rates compared to Third World countries? In my district, out of every 1,000 babies born, about 16.2 of them will not live to blow out the candles on their first birthday cake.

So what can be done? What should be done? When is it going to happen, and who is going to do it? Some may say this is no time to propose new Federal and State programs. However, to those I say we cannot afford not to address these problems for fiscal and moral reasons until all Americans have a decent education, decent housing, and a decent job, all of America will suffer and be held back from realizing her full economic potential.

So the issue before us today is not whether to throw more Federal money at a problem; rather, it is how to use our money more effectively and how to combine the private and public sector communities into a solid partnership that is both targeted and catalytic in purpose.

We have a budget deficit and we all here are bound and determined to get that down, but I ask Members is this not the time to take the resources that we have and pour them into communities that have the greatest need? Target it, and determine it.

For example, growth in small business can stimulate the region's overall economic growth. Across the country, small businesses, those with 500 employees or less, are shouldering much of the burden of job creation and innovation, creating more than 60 percent of the new jobs and generating nearly 40 percent of the gross national product. Moreover, they provide employment for 56 percent of nonmetropolitan workers.

The time I have available, I would like to cite just a few of the things that we can do, some suggestions that I know we were hearing in the hearings that the chairman is having now and in a bill that we will be making up later, just a few suggestions. First, I think that the Federal Government should establish a set-aside program for small, rural business owners which would target a certain percentage of all Federal procurement for goods and services for the area designated either under the commission or to the areas designated all across rural America. This type of set-aside program would be an efficient way to use the 15 Federal programs to stimulate economic growth without contributing significantly to the Federal deficit.

I believe we should also explore the possibility of creating a rural development bank to guarantee business loans to small and rural business owners and to become a secondary market for the loan portfolios of local banks.

Third, the USDA should be authorized to provide a credit support program to subsidize interest payments for either existing or new businesses, which would generate a high proportion of jobs for the local area. Rural enterprise zones, something we have heard about and we have to make them mean something and make them meaningful and make them have teeth and really provide some incentive for businesses to expand and for indigenous businesses to expand, and for other business to come.

Fourth, existing rural development loan funds should be expanded through the USDA, making loan capital and technical assistance available to small business through nonprofit agencies dedicated to rural development. A complementary grant program to bolster a rural development loan fund administered through the USDA should be established as well.

Mr. Speaker, we can go on and on about the need for housing, in my district, which is 36,000 square miles, a fifth of all of the housing is still classified according to the 1980 census as substandard and dilapidated. In this material, which I shall submit for the RECORD, it does include recommendations, says in which we can try to ameliorate the deplorable situation when it comes to housing.

To address this housing, I think that we should look at a variation of current section 502, Farmers Home Program, which would defer the repayment of housing loans for low income families unable to afford section 502 loans. Research, as Members know, Mr. Speaker, has shown that the history of repayment in the section 502 program has been excellent, particularly among poverty level households, and that the subsidies required declined steadily for most borrowers. We should fund a Federal demonstration project to determine the willingness of rural banks and other private sector investors, such as insurance companies, to participate in the construction of low income housing with the Federal subsidies, including grants and tax credits available. One approach is to authorize funds for nonprofit organizations which would use these funds to develop partnerships with the private sector for low income rental housing. This approach has not been tried in any systematic way in rural ways.

There are so many other problems which should be tackled and will be tackled and which, I am sure, that we will hear about tonight in the others who will participate in this special order. High school dropout rates, infant mortality, a lack of doctors and nurses in rural areas, and the closing of more and more rural hospitals.

□ 2050

This Lower Mississippi Delta Development Commission has already begun its work, and I intend to work to ensure that the Congress and the President will receive this report and consider its recommendations for inclusion in any rural development legislation which we will be enacting.

Mr. Speaker, if the Federal Government can move forward in a real sincere partnership with State and local governments and the regions' business communities, the people of rural America may really have a chance to do better than just survive.

As I said, Mr. Speaker, America is a great chain of States, and we need to focus on the problems of its weakest link, and that link is America's rural areas.

Mr. ENGLISH. Mr. Speaker, I thank the gentleman from Mississippi [Mr. ESPY]. We appreciate it very much. He made some excellent points, and there is no question that he has done an excellent job of putting the spotlight on many of the problems we face in rural America.

Mr. Speaker, I am very pleased this evening to have the gentleman from Texas [Mr. DE LA GARZA], the chairman of the House Committee on Agriculture, who has joined us and has some comments he would like to make with regard to this very important subject. I am very pleased that the chairman, Chairman DE LA GARZA, has made this one of the top priorities of the House Committee on Agriculture during this Congress.

Mr. Speaker, I yield to the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. Mr. Speaker, I thank the gentleman from Oklahoma [Mr. ENGLISH] for yielding. Mr. Speaker, I also wish to address the need for a new Federal policy for rural development.

Rural America has not fared well during the past 8 years. In fact, the past 8 years have had a devastating effect on the economic and social structure of rural America. So much so, Mr. Speaker, that many rural communities are in danger of becoming America's 20th century ghost towns.

Let me offer, by way of background, some statistics that demonstrate the crisis that is affecting rural America.

First of all, 25 percent of all Americans still reside in rural areas. There are roughly 55 million men, women, and children who make their homes in

the small towns and farms and ranches of our Nation. But it's not necessarily the ideal life you may picture in your mind.

Americans residing in rual areas face higher rates of unemployment, poverty, malnutrition, and are often less well-educated than their fellow Americans in the Nation's cites and suburbs.

For example, more than 1,000 rural counties had annual unemployment rates of 9 percent or higher in 1986. At present, the national rate is 5 percent. Since the beginning of this decade, urban job opportunities grew at a rate of 13 percent compared to only 4 percent for rural areas.

A disportionate share of the rural population has been poor throughout the century. In 1985, the poverty rate of the nonmetropolitan population was 18 percent compared with 13 percent for metro residents. As many as 21 percent of the residents of the Southern States may be living in poverty.

Ironically, nutrition problems in rural America are significant. Our rural population has higher rates of clinical symptoms of malnutrition, infant mortality and infants born at dangerously low weight than the Nation as a whole.

According to the 1980 census, 59 percent of the rural poor, 25 years of age or older, had completed high school compared to 65 percent of the central city poor. And only 11.2 percent of the rural poor had completed college compared to 18 percent of the central city poor, respectively.

The farm crisis of the early 1980's was like an earthquake which severely shook the economic foundation of many rural communities. On top of that there have been year after year of budget cuts in the Federal programs designed to aid rural residents and to encourage rural development.

But you don't have to believe the statistics to understand the critical conditions affecting rural America. You can see the consequences when you visit almost any small rural town in practically any part of the country. Main Street is dead. Roads, bridges, and public services are falling apart because of a shrinking tax base. Poverty and malnutrition are growing problems. And young people and young families are moving to the cities for jobs because they have given up hope that there will ever be a turnaround.

While the farm programs authorized by the 1985 farm bill have helped to improve the income of many farmers, some agricultural communities have still not benefited. The drought of 1988, which has lingered into 1989 in some areas, has only increased the misery for many rural communities.

All of us here today agree the time has come for a renewed emphasis by Government and the private sector in fostering economic development throughout rural America. While much of agriculture is finally on the road to recovery, we realize that a healthy farm economy does not by itself guarantee a prosperous rural America. I believe we all agree that there is a great value and a pressing national need to preserve and enhance the health and vigor of rural society.

The question is how do we do it.

How do we keep rural America from losing another million people? How can we best help the 18 percent of rural Americans who live below the poverty line?

What do we do to improve health care in rural areas? How can we—the greatest food-producing Nation the world has ever seen—prevent children from going hungry right in the heart of farm country?

What can we do—perhaps through job counseling and training or through small grants or loans—to help people who decide to leave farming and pursue other lines of employment? Most importantly, how can we help those who are distressed by their own plight to see beyond their immediate problems and realize the potential that exists in their own lives and their communities?

How can we target the commercialization of promising new industrial uses of crops to rural communities? What creative ways can we develop to use our natural resources, such as public and private forests, to take advantage of recreational and resource demands?

How do we help these communities diversify their local and regional economies? How do we fund the repair of rural America's infrastructure—those roads, bridges and water and sewer services?

And how do we address all these equally pressing problems with the limited resources at our disposal?

Mr. Speaker, I am heartened by the interest shown by the administration, particularly Agriculture Secretary Yeutter who heads the President's Working Group on Rural Development, and our Senate colleagues who are also working on rural economic development legislation. The widespread problems of rural America demand a coordinated effort by Federal, State, and county governments.

I am also pleased that the fiscal year 1990 budget resolution includes $300 million in budget authority for rural development programs. This is a positive step toward reinvesting in America's heartland.

Finally, Mr. Speaker, I am pleased that the Subcommittee on Credit, Conservation, and Rural Development of the House Committee on Agriculture began a series of eight hearings yesterday on rural development. This will be followed by field hearings during the month of August.

The subcommittee's charge is to investigate the condition of rural America, to determine the forces that have led to its current situation, and to identify the means for correcting the problems which rural Americans now face. What all of us recognize is that we need to develop a new Federal policy for rural America.

Under the able leadership of the subcommittee chairman, the Honorable GLENN ENGLISH, and with the help of the ranking minority member of the subcommittee, Mr. COLEMAN, I trust that working together we can lay the foundation needed to rebuild rural America.

Mr. Speaker, let me commend the distinguished gentleman from Oklahoma [Mr. ENGLISH], the chairman of the subcommittee on the Committee on Agriculture which has jurisdiction over our rural affairs for his initiative, for his dedication.

I do not know if the gentleman from Oklahoma [Mr. ENGLISH] has mentioned yet or not that he has begun a series of hearings on this issue which he will have in Washington and out in the country so that we may get input from the people.

Mr. Speaker, I hesitate to call this program a rural development program because it is really much more than that, and we do not distinguish it or separate it from urban America and what is happening in urban America because we are concerned and we have worked in the past Congress on legislation for the homeless. We have worked on legislation as far as mass transit. We have worked on legislation which impacts on urban America.

This is not rural versus urban, but there are some differences, and I think some of my colleagues have or will mention them. The problem in rural America basically, I regret to say, is numbers, and many times we deal here with numbers, where are the numbers, where are the masses, and we try and garner our resources and aim them to where the masses are.

Mr. Speaker, this is not fair because I was recently visiting in my area which has many rural small towns, and we have had to go a further step, and we have had to go above and beyond the norm to satisfy, not to satisfy, but to try and assist with the problems of rural America.

In the large cities, they, the public or private sector companies, came with the telephones. They did not do that in rural America. In the private utilities and the public utilities or private sector utilities they came with power, power and light. They did not do that in rural America.

So, Mr. Speaker, we had to go with REA, the Rural Electrification Administration, assisting them to help themselves, not giving them power, but assisting them that they might be able

to have that power. They went to the masses, the public sector, where the money could be made, where they had 1,000 houses, when we had maybe 100.

So, it costs more to bring in the lines. It costs more for the operation. But yet I was just a while ago speaking to our daughter and the grandchildren. That is the reason why grandparents call their children, to ask about the grandchildren. Well, what is the difference between a father, or a grandfather or a grandmother in an urban city and one out in the rural sector where there are not but about 10 houses? I ask, "Why shouldn't that grandfather have the ability to call his grandchildren who live away from him because there are only 10 houses in that neighborhood 5 miles away from the main powerline?" That should not be the dividing line, and that is why we had the REA, and that is why we had the rural telephone.

Same way with water. I have in the year 1989 in my congressional district areas that still have no water. In many areas they do not have the resources to pay for the water. We are trying to alleviate that problem in some way, but they still have no water.

Nineteen eighty-nine, Mr. Speaker, the 20th century, and people yet with no water, and this is what we are speaking about. This is what my colleague, the gentleman from Oklahoma [Mr. ENGLISH] is going to be looking at, that we need the infrastructure.

In addition we have another problem in that the jobs are not there, so people leave. Many commute, but they want to live out there, and we with great pride say, "We have the right to live where we want to in this, the greatest country in the world, the greatest democracy in the world with the greatest freedom of any other major nation in the world, but in many instances you cannot avail yourself of that freedom or have that choice."

Mr. Speaker, the infrastructure is not there, so what we are trying to do and will try to do is concentrate on how do we keep jobs, how do we bring jobs, not take away jobs from our friends in the urban areas or in the metropolitan areas, but how we can generate more jobs so that someone who wants to live out there can, where one can still hear the birds, where one can maybe hear a coyote howl, as is possible in south Texas. We should allow them that privilege.

Mr. Speaker, I think it is a major responsibility of government, not an intrusion in the private lives of individuals, not government in a socialistic form, but the responsibility of government to provide this. My colleagues remember the phrase, "life, liberty, and the pursuit of happiness." That is what we are talking about, the pursuit of happiness and also that one must have the ability to pursue it where one wants to live. This is an area that we will be looking toward so that we can generate new jobs, so that we can take, maybe, the commodities in that area and manufacture there, or, if they have produced, do the packing, or the canning, or the processing there.

There is in my area now being considered a plant that will be composed of a major manufacturer of apparel, men's apparel, wearing apparel, some cotton producers in the city, and what it will do is that the producers of the cotton will produce the cotton right here in the area around the plant. They will bring the cotton to the gin, and the cotton will be ginned right there. Right next to the gin will be the textile plant. The processed cotton will be made into material in the textile plant. Right next to the textile plant will be the final operation of making in this case maybe men's underwear. But the cotton will come in here, and the final product will come out here, all in the same plant.

Mr. Speaker, this is what we are talking about, 200, 300 jobs for people who want to stay out there in the rural area and not have to go look for a job some other place.

There are many other areas that my colleagues know about: health problems, transportation problems. Who is going to pick up the garbage in rural America? Who is going to pave the road all the way out to the farm, to the ranch? Who is going to provide the repairing of bridges if there are creeks or gullies that must be crossed to go to the farm or to go to the ranch?

Mr. Speaker, this is what we will be speaking about. This is what the subcommittee chairman and the subcommittee will go out to rural America looking for, for the input from the people.

It will take money, but I wish I had the chart, but my friends already know of the chart that I had made.

What does it cost to run the Department of Agriculture? Everything in the Department of Agriculture? Four point three percent of the total budget, of the trillion dollar budget. If we were to abolish the Department of Agriculture in its entirety, we would reduce it by less than 5 percent.

□ 2100

And then another area that I just read from some gentleman in my district wrote a letter to the editor about how old DE LA GARZA is giving away all this money to the farmers and they are laughing all the way to the bank, like we are the ones busting the budget. I had our economists on the Agriculture Committee, my friends have heard that and seen that, I said, "Let's make a graph. Put in red the total budget and superimpose in blue what we spend for programs of support for agriculture."

"OK," he said.

Couple days later he came back and said, "It won't work."

"Why won't it work?"

I told him, "Just make the graph in red, superimpose in blue what we spend for agriculture support programs."

"It won't work, boss."

I said, "It has to."

He said, "No, look."

I said, "That's what I want. Now put in blue what we spend."

He said, "I already did. It's the line at the bottom."

I could not even see the line at the bottom. It was 1.13 percent of the trillion dollar budget goes for that.

On the other hand, in the past 8 years my colleagues have worked with me on that and the distinguished chairman of the Budget Committee, the gentleman from California [Mr. PANETTA], in the past 8 years we have reduced agriculture spending by over $30 billion. We have been responsible. We have done what needed to be done. The only agreement we have with the Budget Committee is, "You give us the numbers and we will provide you the cuts. We will be responsible." We have done them.

This year, for the coming fiscal year, we have to do $600 million. We have to reduce by $600 million.

We told the Budget Committee, "We will be responsible. We will do that and it will be done. We don't know yet where we are going to get it from, but we are going to do it."

So I think that responsibility at least entitles us to some degree of consideration of what we are going to do out there in rural America for development, for industrialization, for the infrastructure.

This morning I visited with some ladies from an organization called WIFE, and also with some ladies from AgriBusiness, women, and all those ladies are mothers, grandmothers and sisters of people who live out in the countryside who are farmers, and their plea to us is, "We want to stay living out there. Help us so that we can do that."

We need to do that, because, oh, 3 years ago I was invited to speak to the FFA, the Future Farmers of America. There were, I do not know, 2,000 youngsters there. In my talk to them I asked rhetorically the question about where we wanted to go in agriculture. These are youngsters 20 years and under.

I asked, "Is there a future in American agriculture?"

There was a resounding "yes" from the thousands that were there.

Mr. Speaker, I just want to echo something apropos to that. These youngsters shouted with enthusiasm, "Yes, there is a future in agriculture.

Yes, there is a future in rural America."

There is another program called BOAC, Building Our American Communities. The youngsters from every State submit proposals or programs that they are working on in the community. I am the national honorary chairman. We have a committee that looks after and scrutinizes the projects and then gives awards, a national award, and winners are selected.

Again 3 years ago I sat next to one of the winners. He was from the State of Washington. I asked, "What was your project?"

He said, "Well, we went out into the countryside. We got some money from industry. We got a little help from the Government and from the State forestor. We went and did a reforestation project outside of our community and hired about 20 people and reforested some several hundred acres." That was their project.

So I asked them, "What kind of trees did you plant?"

Well, he mentioned some kind of pine. I cannot even recollect that at this point.

I said, "When can you harvest that?"

Mind you, this is a youngster in high school. These were high school youngsters working on a community project, building our American communities out there in rural America.

So I asked them, "When can you harvest these?"

He said, "Oh, maybe 50 or 60 years from now." That is the answer. That is what we are doing here tonight. That is what the gentleman and his subcommittee are going to be doing and eventually our committee. We are going to make the dream of that youngster come true. We are going to see that that youngster continues to live in rural America, a decent, healthy, economically viable life for him and his family and our assurance and our commitment is that we are going to allow him to see those trees being harvested 50 or 60 years from now.

That, Mr. Speaker, is what this discussion and this program and what we will attempt to do is all about, that we guarantee that youngster that 50 or 60 years from now he can see the fruit of his labor from when he was a youngster 15 or 16 years old.

We must all work together, Mr. Speaker, toward this goal. This should not be a Democratic or Republican issue. This is a people issue. People's lives and future is at stake. It's time we start doing something.

With this concern in mind, I intend to recommend to the Speaker and the leadership of this body that the development of a new Federal policy for rural America—a comprehensive approach that will rebuild and revitalize our Nation's rural communities—be made a priority of this Congress. I am confident that the House can craft the legislation that is needed to revitalize America's heartland and bring hope and prosperity back to rural America.

Mr. ENGLISH. Mr. Speaker, I thank the distinguished chairman. We are honored to have the gentleman join us this evening.

Let me also say that some of those programs that the gentleman talked about that were designed 50 years ago that have worked so well I think we may be able to redirect many of those programs and they will not cost us a great deal of money, simply giving us an opportunity to strike out in a new direction, blaze new trails and provide the same kind of success that we have seen over the past 50 years in the development of rural America.

Mr. Speaker, I yield to the gentleman from Florida [Mr. GRANT] who is a member of the Agriculture Committee. He is one of the real pioneers that we have in dealing with questions of rural development and assisting us in wrestling with this issue and we are very happy to have the gentleman join us this evening.

Mr. GRANT. Mr. Speaker, there is a country song recently that bore the title, "A Country Boy Will Survive." Some of you might remember that.

It is getting harder and harder for those country boys to survive. I commend the gentleman for this special order that the gentleman from Oklahoma and the gentleman from Mississippi [Mr. ESPY] and the gentleman from Oklahoma [Mr. WATKINS] and the chairman of the committee are doing here tonight. I appreciate the opportunity to be a part of this special order to bring attention to the situation involving rural America.

When I was growing up in rural America, we called it the country. Today people in some parts of America still call it the country. In a sense it is the country of America that they know and it is a way of life that many people in America know and do not want to lose, and yet we are in danger of losing it. It is being chipped away slowly, almost imperceptibly in some places, but if we do not take action soon in a very definitive way, as the gentleman from Mississippi [Mr. ESPY] has pointed out, rural America faces the very sure prospect of a slow death.

Let me give an example. Since our Nation was formed, farming has been the backbone of our economy. In fact, argriculture is the dominant industry in my district in northern Florida and it provides not only a base for our economic lives, but for our social lives and even the religious lives of our people.

□ 2110

Statistics would tell one, upon just a cursory investigation, that that foundation is in danger of being lost. Between 1982 and 1987, just 5 short years, we lost in excess of 150,000 farms in America, disappeared. One hundred and fifty thousand farms. That is more than 30,000 farms a year.

The number of the farms lost does not even begin to reveal, does not even begin to reveal the depth of the problems that are facing rural America. When people are forced away from their farm, from their way of life, from the occupation that not only they have enjoyed but their parents and, in some instances, even their great-great-grandfathers and grandmothers have lived there, something basic and profound happens in the lives of those people. We need to find a way to absorb those people who are displaced from the farm into our economy, and it is not happening.

In fact, rural unemployment rates are 31 percent higher than urban rates, and per capita income among rural people averages about 25-percent less than it does for their city brethren. That gap in earnings is widening, not shrinking, and rural dropout rates are higher, and poverty is more pervasive and profound. There is simply no way to measure the agony upon a family who has lost a way of life.

Mr. Speaker, the people who live in the country have ambitions and dreams for the future of their children, and they, too, worry about crack cocaine, and they worry about crime, and they desperately want to bring jobs and opportunity to their towns and to their rural communities.

More and more they see, I fear, a Federal Government that is, at best, indifferent to their plight. In the 1930's, this Nation committed itself to extending electricity to every home in America, regardless of how isolated it was, and that is commitment. Some people who serve in this Chamber today lived in those towns and those communities without the benefit of electricity. I was telling someone the other day in my district that, "You have not really lived until you have gotten up in the middle of the night to go out to what was known as the outhouse, to the facility, and you had chickens in the yard, and you stepped around, walking out to the facility, and you stepped into where one of those chickens had been, those yard chickens," and one remembers those kinds of incidents, and wants desperately for people not to have to live through that, and one remembers what it was like to have to go out to the pump and pump up water and remembers what it was like not to have electricity and not to have lights in the house.

Some people today live in houses that dogs ought not to have to live in. They are pitiful. They have holes in their sides, and they are, I guess, small enough to keep the big birds out, but in many instances the birds live in

there with them. We do not like to think about that in America, but it does really happen.

I will give another example, and before I forget electricity, there are people today who would dismantle that kind of opportunity. We need to protect the ability of those people, who live in rural communities and on farms, their opportunity to have electricity and even rural telephones.

I will give another example: hospitals and rural health care. Mr. Speaker, 160 rural hospitals in America closed their doors since 1980, and at least 600 more are struggling today to stay open. These hospitals treat an increasingly higher and higher percentage of Medicare and Medicaid patients, and yet the Federal Government today is reimbursing those hospitals at a rate of about 40 percent less than what they reimburse urban hospitals for performing the very same services. They are losing money on every patient, and we are going to have to staunch this hemorrhaging of rural health care systems and recognize that health care delivery is no less important or costly in small-town America than it is in urban America.

Mr. Speaker, when a hospital closes, not only does it close immediately for those people, but it closes off opportunity for people in the future as well. If they do not have a hospital, they cannot attract doctors, and if they cannot attract doctors, then they cannot attract industry which provides jobs for people in those small towns.

Another essential for hope in rural America is good schools. Our people in rural America believe in work, and they want to work. We are going to have to do a better job of bringing education to those people, training programs to citizens to prepare them to live in a highly technical world.

Lastly, we are going to have to bring relief to small towns attempting to meet new Federal standards for sewage treatment plants and water facilities. The protection of the environment is a commitment that rural residents are willing to make, but their ability to fund those mandated programs is constrained to very limited tax bases.

There are currently 88 programs affecting rural America which are administered by 13 different Federal agencies and departments, and we do not have the expertise in many small towns to deal with those kinds of bureaucracies. These programs are going to have to be streamlined and strengthened.

If rural America is to share in the economic bounty and joy of our Nation during this decade, we are going to have to imbue our Government again with a spirit of fairness, a spirit of commitment and respect for the people who choose the rural way of life. Rural America is struggling, and it is time that this Government offered a helping hand, not just extending opportunities in the form of prisons. They are saying, sure, we will give you jobs. We will build a prison in your small town. Or I will give a better deal: We will build a hazardous-waste site in your town, or, What about letting us put a missile site in your town? We want other opportunities as well.

It is time that this Government offers a real helping hand to small-town America.

Mr. ENGLISH. I thank the gentleman very much for his outstanding statement and testimony.

I do not think that there is any question that there are many areas that we are going to have to look. If we look, in fact, this country has come a long way, and rural America has come a long way in the last 50 years, but we have a long way to go, and I think that what we will see in 1989 and 1990 is a recommitment, a rededication by the U.S. Government through the Congress and, hopefully, a rededication by the people who live in rural America to make certain that we finish the job that was started 50 years ago that, in fact, people do have a choice, they do have an opportunity to live where they like, and that they have the same opportunities in a rural community as they do in urban areas.

Mr. Speaker, I am very pleased to yield to my colleague, the gentleman from Oklahoma [Mr. WATKINS]. He has been talking about rural development, goodness, ever since he came to Congress and before that. I do not know of anyone who has more knowledge and expertise with regard to this subject of rural development. He certainly has been extremely helpful to me, and we are going to draw on his vast reservoir of knowledge as we move ahead and try to put together a comprehensive rural development bill.

We are very pleased to have the gentleman here this evening.

Mr. WATKINS. Mr. Speaker, first, I commend my colleague, the gentleman from Oklahoma [Mr. ENGLISH], and the gentleman from Mississippi [Mr. ESPY] for this special order.

Second, I want to thank the House staff for their patience in being here.

Mr. Speaker, a national tragedy is upon this Nation. For the past several decades out-migration of rural communities has gone virtually unnoticed except for those few statisticians deep within the bowels of some government agency. Magnificent research strides made by the Land-Grant Universities and the delivery of these findings to farmers and ranchers in the rural community through the Extension Service and vocational agriculture by improved efficiency and production in agriculture contributing to the need for less and less people on the land and greater productivity. Perhaps this has been the greatest reason for the exodus.

However, at the same time a national rural development policy was not pursued that would have developed off-farm job opportunities and allowed people to remain in rural areas. The only choice was to move to urban areas.

As urban areas grew, rural areas received less attention, less infrastructure emphasis. This in turn denied opportunities for rural areas to see rural industrial growth. Without jobs, and research efforts increasing productivity and demanding more sophisticated equipment for greater production, people left rural areas for jobs in urban areas.

The influx of rural people, having been forced from their homes to an unfamilar lifestyle, for the most part adapted. But, the separation of families, cramped surroundings and the lack of jobs in the promised land at the end of their journey contributed to great social unrest.

Perhaps the greatest and closest example that I could point out today is occurring only a few blocks from these hallowed halls. It was from southern States that people migrated to Washington, DC, in search of jobs to support their families. Mechanical cotton harvesters and advanced chemical weed warfare replaced many jobs. Now, just a generation or two removed from the farm and rural areas, social unrest is the standard; not the exception.

My good friend Bob Bergland, a former Minnesota Member of Congress and former Secretary of Agriculture, often says that urban poverty has its roots in rural areas. I agree.

You might ask, how do I know this? It was in the 1940's in Arkansas and Oklahoma when my family left for California and the urban areas in search of jobs. As a result of several trips west and intense financial pressure on my family, my family structure was dismantled. This has made a lasting impression on me and is the reason why I work in the Congress to see that rural industrial economic development opportunities are available to create jobs.

I work today not only to improve rural areas but to relieve the economic and social pressures in urban areas.

I know many of my urban colleagues see great amounts of money going to the farm sector. The farm sector and the rural sector are not always one and the same as noted by the Des Moines Register last year. Funding for rural infrastructure pales in comparison to funds allocated for urban infrastructure.

One of my staff members reported to me that his family has only recently got piped water to their rural home. Why? Because funding is limited for

basic infrastructure and revitalization of existing infrastructure.

If we are to revitalize rural America, more must be done than token lip-service. An investment must be made to revitalize these areas and allow our loved ones to return to the land. Revitalizing rural areas will relieve the financial burden and social distress upon urban jurisdictions by allowing citizens to return to their roots.

Where do we begin? To date, USDA officials have not fully assumed the role for which they are responsible much less invested the necessary dollars. We must reaffirm that this Department is the lead agency for rural development.

The Department clearly has the mandate. The Secretary of Agriculture was specifically charged with the role of rural development in the Rural Development Act of 1972.

For the last 8 years, I have pushed for and introduced legislation to change the Department of Agriculture to the Department of Agriculture and Rural Development. Within this legislation, I would set up a separate rural development administration to be responsible for the active implementation of a rural development revitalization program as well as development of policy, but not only policy.

The Department of Housing and Urban Development [HUD] has a budget of billions targeted to urban development and Federal Housing Authority [FHA] housing programs but are concerned basically with geographic areas with a population in excess of 50,000 with concentration becoming more acute and attentive the higher the population figures.

Responsibility and authority for the development of rural America is fragmented. The solution is to restructure the majority of programs dealing with rural development under a single agency with a direct line of responsibility and responsiveness to the people of rural America.

The much revered Register editorialized last year that USDA has outlived its time and should be dismantled and given a different mission in today's world. They went as far as to support changing the name of the Department to more accurately reflect the mission needed.

Most recently, the National Advisory Council on Rural Development, in its final act as the Reagan administration gave way to President Bush, sent a report to the Secretary of Agriculture.

The panel recommended that the Secretary should become the spokesman for rural America, as well as production agriculture. The USDA should have a rural development agenda as a primary objective. The panel supported changing the name to more accurately reflect the rural constituency.

Before there can be targeted programs to growth centers in rural America, there must be an admission and responsibility on the part of the Department that rural America is part of this agency's mission. It must begin with the name change and the streamlining of the Department with a responsible agency within. We are whistling Dixie if this is not first addressed.

For years the problems have been ignored in rural America. They were always there—festering, just not seen. Rising land values artificially maintained farmers on the land which in turn sustained local rural main-street economies. With the crash of land values beginning in 1981, farmers were forced from the land and downtown rural main street had reached the crisis point. It has finally become clear after years of ignoring the problem that rural America is in danger of being lost. A part of America is passing.

The challenge is to us. Not our forefathers or those who come after. We must begin. We must have the vision for our children and those who desire to return to a rural area.

Above all this body must realize that rural problems are urban problems and with passage of a comprehensive rural legislative package we not only will address the problems of rural areas but present opportunities to relieve urban social unrest.

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So I say to the gentleman from Oklahoma [Mr. ENGLISH] and the gentleman from Mississippi [Mr. ESPY], I thank them, I commend them and salute them for allowing me this opportunity tonight to be able to express myself and to move forward with the rural development program.

Mr. ENGLISH. I thank the gentleman for an outstanding statement.

Mr. Speaker, I think you can see that we have a new beginning, a new dedication, a new commitment this evening. I appreciate the fine support our colleagues throughout the Congress have shown on this.

Mrs. SMITH of Nebraska. Mr. Speaker, today I rise with my colleagues to discuss my deep concerns about the future of rural America. Rural America is at a point of severe stagnation, and something must be done immediately to see that rural America is up and going again.

When I was the chairman of a Presidential Task Force on Rural Development in 1971, the task force discussed in great detail the problems facing rural America. I am afraid that today we are indeed looking at many of the same problems—inadequate credit resources for rural small businesses; declining public transportation; in many areas of our country rural education is deteriorating; and as so many of us know, a declining state of health care for rural residents.

What the basic problem is Mr. Speaker, is that local communities are losing their future.

Our young people are not seeing a future in rural America. With the decline of the agriculture economy in the early 1980's, and with the absence of substantive economic growth, rural America is facing a very doubtful future.

What rural communities need to do is to reinvigorate themselves. Create local programs that will bring in the industries, that will bring in more store fronts on Main street, and more importantly, will bring back the young people.

But we cannot have businesses coming into our small towns if we do not have adequate transportation, health care, and education. If rural America does not have an improved infrastructure, Mr. Speaker, all the economic development programs that these communities create, will fall short.

What Congress must see to is that rural communities have an adequate public transportation system—that health care facilities are readily available to rural residents—and that we have a modern competitive education system.

Rural development is not a small special interest Congress can afford to ignore. The transportation, health care, and education and other problems of rural areas, impact the rural health care crisis; impacts more than one-fourth of the U.S. population. They are problems affecting people supplying this Nation with the world's most abundant, safest, and cheapest food supply.

And rural transportation is a disgrace. Our rural bus and airlines are struggling day to day to provide service to our rural communities.

And just think of what the Federal Government is doing. Our Government spent $28 in mass transit funds in urban areas for every $1 spent in rural areas.

In 3,000 rural communities, bus service has been lost entirely.

In 4,200 other communities we have lost almost all bus service.

And who suffers most from this loss of service?

It is the senior citizen who needs the bus to go to the doctor.

It is the young person who does not have any other form of transportation except the bus.

It is the poor who cannot afford to have a car that needs the bus.

I have introduced legislation that would go a long way toward addressing this problem. H.R. 368, the Rural Transportation Equity Act, would allow for a more equal distribution of Federal dollars—not an increase of Federal outlays mind you—but simply a reallocation of Federal dollars to more fairly represent the 38 percent, or 80-90 million Americans who live in rural areas.

After all, will a business want to be located in a community without adequate bus transportation?

Mr. Speaker, the rural health care crisis is all too real and threatening in rural America.

Many rural health problems are a result of discriminatory Medicare policies. The devastating result is the loss of rural hospitals, the foundation of the rural health care delivery network.

While no Nebraska hospital has closed in the last year, many struggle month-to-month

to stay open. Already in my district, nearly one-third of 62 counties are without a hospital.

When rural hospitals are lost, communities lose part of their identity, most often their major employer, their doctors, and any real hope of attracting new businesses and realizing economic recovery.

But solving the rural health crisis is not just a matter of keeping hospitals open or attracting doctors under unfair Medicare policies.

It also means overcoming geographic distances, a transportation shortage, and a shortage of not just doctors, but also nurses and the whole array of health professionals.

And it means serving a population that is proportionately older, poorer, sicker, less likely to be insured, and engaged in the most dangerous occupations.

We can talk about bringing in businesses, but the simple fact is that without adequate health care, businesses will not be locating in rural communities.

Our rural schools are also struggling to meet the demands and changes in our society.

We need to see that these schools have the ability to teach subjects like computer science, the physical sciences, and mathematics at a level comparable to city schools.

After all, will a business want to be located in a community without high quality education?

What all of this leads us to, Mr. Speaker, is the fact that the rural infrastructure is eroding because of a lack of attention.

Economic development will not occur without adequate transportation.

Economic development will not occur unless we have adequate health care.

And economic development will not occur unless we have high quality education.

But what has been the most important sector of rural communities, agriculture, will also have to change.

I have introduced a bill, H.R. 47 "Commercializing Industrial Uses for Agriculture Commodities," that would provide for farmers and ranchers to further diversify their crops.

American agriculture must change with the times. While food producing crops will always be a staple of our country's agricultural economy, producing crops that will lessen our country's dependency on importing crops to meet the demands of our industries is important.

Mr. Speaker, what is needed most in our rural communities is for community leaders to revitalize themselves. The Federal Government's role should be as a silent partner offering advice when asked, and allowing the community leaders a chance to think of ways of improving their own rural communities.

After all, rural areas do not suffer the plight of our urban neighbors. We do not have high crime and murder rates.

What we do have is the good life.

We have a strong sense of community identity. Our hard work ethic and our ingenuity have been the cornerstones of our country.

I do not want to espouse the idea that the Federal Government is or even should be the "be all to end all" that many people feel it should be. Many people are wanting the Federal Government to create more Federal programs and bring in more money to solve these problems.

But without help from the Federal Government in the areas of health care, transportation, and education, I know that rural communities will not be able to match the economic gains of our urban neighbors.

When I retire at the end of the 101st Congress, I want to know that Congress passed a comprehensive rural development bill that addresses the concerns I have outlined today.

I want to know that Congress has indeed recognized the necessity of seeing that rural communities have the same consideration and the same services our urban neighbors receive.

I thank the gentleman from Oklahoma [Mr. ENGLISH] for scheduling this time to discuss a problem that not only affects rural America, but our whole country. Ignoring this ever growing problem should no longer be the policy of Congress. Congress must place rural development as a high priority and provide the leadership necessary for our rural communities to be viable participants in our country.

Mr. CAMPBELL of Colorado. Mr. Speaker, I would like to first thank my colleague, Representative MIKE ESPY of Mississippi, for his invitation to join him today to discuss issues facing rural America.

My comments today will be directed toward the possibility of bringing greater long-term stability to the rural areas of our country.

Most discussions of rural America begin with the issue of agriculture. This is no accident. Agriculture has been, and continues to be, the backbone of rural America's economy. Consequently, most of Congress' efforts to tackle the problems of poverty and unemployment in rural America have been dedicated to bolstering America's farm economy.

This type of solution, focusing on the farm economy, seems to make good sense. Across the country, there has been a direct correlation between the downturn in the Nation's agricultural industry, and the declining fortunes of the hundreds of rural communities which comprise rural America. To anyone who has witnessed the devastation wrought upon any one of a number of farm towns across America, it is clear that something needs to be done to ensure that the farm economies of rural America remain strong.

Congress has responded to this need, passing a number of measures designed to strengthen America's farm economy. The logic behind these bills was that a competitive and healthy farm economy would fuel the recovery of rural America.

To some extent this has happened. To a surprising degree, however, this recovery has fallen short. Even with farm production up by some 43 percent and income up by 133 percent this decade, rural America continues to face serious economic difficulties. For instance, rural unemployment rates are some 30 percent higher than in urban areas, and rural poverty is one-third higher.

Keeping in mind the continuing problems facing the American farmer, we need to attack the nagging problems of rural America, such as the lack of quality education and inadequate health care. In short, we need to recognize the diversity of today's rural economy.

Evidence of the growing diversity in rural America is the diversity of programs designed to meet the needs of rural communities. Rural development initiatives exist in almost all departments of the Federal Government. The Department of Commerce, through the Economic Development Administration [EDA], provides grants and other forms of assistance to rural communities. The Bureau of Land Management, under the Department of the Interior, is responsible for managing one-eighth of the Nation's land area. The Department of Transportation manages the Rural Transit Assistance Program to address the needs of the transit operators in nonurbanized areas, and the list goes on.

Clearly, the needs of rural America are as diverse as they are immediate. To complement our commitment to a strong farm economy we should branch out and look at other problems facing rural America which need to be addressed.

One of the problems facing rural America is the disparity in funding between rural and urban counties.. For instance, in 1985, on a per capita basis, Federal expenditures in rural counties were $2,500 compared to $3,200 in urban counties. In addition, 66 percent of Federal dollars that come back to rural areas go for income maintenance—Social Security, Medicare, and farm subsidies—while only 50 percent of the Federal dollars returning to urban areas went to income maintenance. This means less money proportionally goes to rural communities for infrastructure improvements and to generate new wealth, thus helping to perpetuate the problems of rural America.

At the root of this funding disparity are a number of misconceptions about the needs of rural America. One of these myths is that it is much less expensive to provide goods and services to rural communities. On the contrary, there is much evidence to show that it costs more on a per capita basis to provide goods and services to rural communities. Because of the distances involved, and because most rural communities cannot participate in economies of scale, the cost per capita of services provided is oftentimes more expensive than in urban communities. This is especially true in the areas of health care and education.

Ironically, it is also in these areas that rural communities suffer from decreased funding. For instance, Medicare and Medicaid payments are lower for rural hospitals than for their urban counterparts, despite the extra costs that these hospitals incur due to their isolated locations. Combine this with the current increase in rural hospital closures, and you have a rural health care crisis.

Similarly, the higher per capita operating costs of rural schools are not reflected in Federal budgeting. Rural students' access to enrichment programs is limited, and rural illiteracy is a growing problem which must be addressed.

We must make sure that the solutions we endorse and the programs we fund provide long-term benefits to rural America. One of the most important things we can do from a legislative standpoint is to create a sound economic foundation for rural America. One of the ways we can do this is by aiding rural communities in diversifying their economies.

To a large extent this diversification has already occurred. Nearly half of the Nation's farm families are dependent on additional income from some non-farm source. As I mentioned above, this figure comes at the end of a decade in which we have seen farm incomes rise some 133 percent, and production increase 43 percent.

In addition, the rural economy leads the Nation in growth in manufacturing jobs. What this suggests is that some attention given to nonfarm sectors of the rural economy could help engender a more balanced and stable long-term economic recovery.

The key to this sort of recovery is attracting businesses to rural America. Oftentimes the advantages gained through lower physical expenditures and living costs are offset by the increased expenditures of doing business away from major metropolitan centers. Thus, incentives need to be provided for businesses to relocate to rural counties.

A comprehensive set of such incentives are contained in H.R. 1221, the Rural Enterprise Zone Act. This bill, of which I am a cosponsor, directs the Secretary of Housing and Urban Development to administer a direct grant and loan program to assist entrepreneurs in certain depressed rural areas with startup costs. In addition, this bill includes a number of tax and trade incentives, all of which will be directed at 100 enterprise zones located in distressed rural areas around the country.

What the rural enterprise zone program recognizes is the need for diversification in the rural economy. With this recognition, we will be able to strengthen the rural economy against future downturns in the agriculture market.

In closing, I am optimistic about the future of rural America. For those of us who live in rural counties, it is easy to appreciate the problems, and the challenges which face rural America. I am heartened by the recognition of the problems our rural communities are receiving, and I look forward to working with my colleagues to help address these problems in the 101st Congress.

Mr. STANGELAND. Mr. Speaker, it was only 8 years ago that the Nation was very much concerned about the future of our economy. Unemployment was high and rising. Inflation and interest rates were reaching record level. Government redtape was hampering business competition. And, the Federal Government, through the collection of taxes, was taking more than its fair share from the private sector.

In 1981, I joined with a majority in Congress to support an economic program which centered on four fundamental principles:

First. Reduce personal and business tax rates;

Second. Reduce the rate of growth of Federal spending;

Third. Reduce the Federal regulatory burden by eliminating unnecessary restrictions while protecting the public's interest and safety; and

Fourth. Support a moderate and steady monetary policy to bring inflation under control.

The policies we enacted in 1981 created an economic resurgence that has lasted 76 months—the longest expansion in our Nation's history.

Since 1982, 19 million new jobs have been created, while the unemployment rate has fallen to 5.3 percent. Inflation has averaged only 4 percent during the past 6 years. Accounting for inflation, after tax income has risen for the average American by 24 percent since 1982. And, since 1981 the time spent by the public filling out Federal forms has been cut by 600 million hours each year.

There is no question that the average American is better off today because of the economic boom.

However, as a Representative of a largely rural, agricultural district, I understand that for many, the economic boom years have really been a bust. I understand that there are literally millions of Americans who have yet to participate in the economic expansion.

My constituents in rural Minnesota see the sad consequence of rural poverty every time one of their neighbors is forced to pack up his family and belongings and move to the Twin Cities or another metropolitan area in search of employment opportunities. I am sure my colleagues could tell me of similar circumstances in their home States. I think it is tragic that thousands of Americans face the dilemma of leaving their home communities in order to make a living, or live in economic distress.

Because the time to help our communities is now, I have introduced a three-bill legislative package in the House that I know can make a difference for rural America.

My rural development package calls for the establishment of rural enterprise zones, a reduction in the capital gains tax rate, and restoration of the investment tax redit.

The centerpiece of this package is the Rural Enterprise Zone Act—H.R. 1221—cosponsored by 39 of my colleagues.

According to H.R. 1221, 100 economically distressed rural areas throughout the United States would be designated as "enterprise zones."

Once designated, all new and existing businesses operating within the zones would be eligible for numerous Federal tax trade, and regulatory advantages. Knowing the capitalist spirit of entrepreneurship in America, and especially here in our State of Minnesota, I am convinced that with just a little incentive, countless innovative small businessmen would locate their enterprises in struggling rural areas.

Some of the major incentives in my initiative are:

A 10-percent tax credit for employers and a 5-percent tax credit for employees working within the zone;

A 10-percent investment tax credit for purchases of business property and equipment;

A 100-percent capital gains exemption for business property replaced at an equal or greater value;

A 30-percent tax credit for research and development;

Expedited and preferred consideration of foreign trade zone requests;

Federal rule and regulation flexibility when needed to carry out business activities within the zone; and

Formation of a Federal business incubator program designed to assist businessmen with startup costs.

The concept of enterprise zones has been around for sometime. In fact, Jack Kemp, the Secretary of Housing and Urban Development, has promoted it for about a decade. But, I believe that I am the first national legislator to target enterprise zones at less populated areas in order to fight rural poverty.

Two major tax bills are also part of my initiative to promote rural renaissance.

The first tax measure—H.R. 1542—reduces the maximum capital gains tax rate from 28 percent to 15 percent for business and individuals; the second—H.R. 1543—reinstates a 10-percent investment tax credit for business property purchases. I crafted both of these proposals to limit annual tax advantages to $100,000 per taxpayer. My reasoning behind this is to target relief to smaller enterprises and middle-income wage earners, and prohibit excessive benefits to large corporations and wealthy citizens.

I am convinced that if all of the bills I have proposed were enacted into law, they would create an economic climate conducive to risk-taking, entrepreneurship, and hard work. The result would be economic growth, jobs, and opportunity for millions of Americans who have yet to participate in the economic expansion. So, if Congress is serious about assisting our struggling rural economies it will lend my rural development package full consideration.

Mr. STALLINGS. Mr. Speaker, I compliment my colleagues who have arranged this special order on such a vital topic. I want to especially thank Chairman ENGLISH for his leadership in the area of rural development and for arranging hearings through the month of June.

The need for action in rural America is well documented. Multiple studies and public hearings have attested to the fact that rural America has paid the price for the economic recovery in coastal urban centers.

The past administration pushed more and more responsibilities to local and State governments under the guise of reducing Federal taxes. The obvious result has been a widening of economic disparity between urban and rural areas. Rural States and their local governments do not have the tax base to pick up the pieces that were dropped by the Federal Government.

Rural unemployment is 31 percent higher than urban unemployment. Rural poverty is one-third higher; rural incomes are 25 percent lower; rural school dropout rates are higher than their urban counterparts; rural areas have higher proportions of young and old populations with inadequate health care facilities; and teenage suicide attempts are 20 times that of urban areas.

Many of our Federal policies discriminate against rural areas. These include health care funding allocations, education funding, and infrastructure development. I do not want to detract from the challenges of the inner cities and the difficulties that urban areas face. But it is time we ask for equal treatment. It is time our rural populations are made beneficiaries in this great economic recovery I keep hearing so much about.

We need to create new business opportunities and diversify our economic base in rural areas. We must target rural medical delivery systems and education for funding equity. We must broaden job training and technical assistance; expand our rural infrastructure and telecommunications; and, provide incentives and matching funds for local initiatives.

With all these initiatives, we must not forget that much of rural America's economic base is still dependent on agriculture. A vast number of rural businesses are directly linked to agriculture. The local seed supplier, fertilizer dealer, fuel station, processing and packing plants, lending institutions, equipment dealers and other businesses are all dependent on the health of the agriculture economy.

Even though the population of farmers compared to our total population is very small, many rural economies revolve around the farm economy. Thousands of local jobs are tied to agriculture, even though they are not actually involved in the production of crops.

Any comprehensive rural development policy must include a healthy agriculture policy. We cannot abandon farmers while trying to create new initiatives. They go hand-in-hand.

While there will be only 4,000 new jobs in production agriculture this year, there will be more than 40,000 agriculture related jobs created. We need to keep these jobs in rural areas and expand on this base.

I encourage the other committees with jurisdiction in health and education to work with us in the Agriculture Committee to expedite a rural development package which will assist in reviving rural America. We do not want our Nation to become a series of ghost towns in its rural areas with overcrowded cities on the coasts. Rural America was the backbone which built our country and it still has much to offer.

We cannot afford to continue to ignore and abandon rural needs as has been done over the past decade. Let's get on with action—judiciously committing badly needed resources to our rural areas.

Mr. SKELTON. I want to thank you for this opportunity to speak today. It is a pleasure to give some of my thoughts on a subject that is very important to me, the economic development of rural America.

We all know the problems that face rural America. Poor health care delivery, the "brain drain" of many of our bright rural citizens to more populous areas, and high energy and transportation costs are just a few examples of what our nonurban areas are now experiencing. All of these are issues that must be resolved.

However, I believe the best investment that this country could make would be in a rural technical information infrastructure. With this investment will come the full use of our Nation's human capital. The greatest resource that we possess is the human resource. In this modern age of rapid information output and retrieval, rural America must not fall further behind.

In a manufacturing age, resources like machinery are important, but their worth decreases over time. In an information age, people take on an increasingly critical role. And people, as they collect information, master their jobs, and acquire new skills, increase in value with time.

Information and education will empower local leadership and business to operate at the full capacity. The rapid transferral of information will assist agriculture and industry, students and senior citizens, small businesses and local governments.

In this area of fiber optics, computers, and satellites we cannot ignore the potential advantages of a strong rural communications and information system. Already there are schools in Missouri, my home State, and in many other States that connect with universities for foreign language and science classes. Forty additional satellite receiving stations are being installed at or near county extension centers around Missouri. This will bring to 50 the number of extension centers in the State with the capability of receiving a wide variety of educational programs via satellite. These are just two examples of current technology in use. And these examples also use existing sources for their information, universities, and the State cooperative extension system.

Information linkage will also assist the average citizen in rural areas, putting them in contact with economic and social services on the Federal, State, and local levels. One of the problems with delivering assistance and services to rural citizens is that many times residents either do not know about existing government or private assistance, or they do not have the capacity to connect with these services. Rural hospitals will be able to transfer data, x-rays for example, to quickly consult with specialists in emergency situations.

Through communications and information systems, local government and community leaders can gain the same resources that thrive in our Nation's urban centers. Local leaders will be able to easily obtain the knowledge needed to make the best decisions for their community. We all know that local leadership is the key to the development of any community.

Small communities in rural America can provide attractive, viable alternatives to the urban lifestyle, because the old objection that there are no jobs in rural America has a new answer. That answer lies with our emerging technologies. With computers and telecommunications links, many of America's jobs can be done anywhere.

State-of-the-art communications will enhance the growth of rural small businesses. Growth in small business can stimulate overall economic growth. Small businesses, those with 500 employees or less, are shouldering most of the burden of job creation and innovation, creating over 60 percent of the new jobs and generating nearly 40 percent of the gross national product. Also, they employ 56 percent of the nonmetropolitan workers. Rural communities need the capability for their local businesses to interact with companies for which subcontracting can be done, software that can provide directions for computerized equipment, and information sources that allow businesses to respond to new market possibilities.

Some options to enhance our human resource could include Federal collaboration with State and local authorities to upgrade the public information infrastructure as well as basic and vocational education. Increased funding for civilian research and technology development could be provided. Such a step would be concerned not only with manufacturing but also the service industry, which constitute three-quarters of the Nation's economy.

Congress needs to push for a national telecommunications policy. A clearinghouse must be set for information about telecommunications technology and establish model programs through libraries, schools, and universities, introducing and integrating telex, facsimile, electronic mail, data processing, and other services to rural areas. Every effort should be made to attract the telecommunications industry to fully invest in rural America.

Once again, we are talking about people. We are talking about empowering the local community to build itself in the way they see best. We are talking about educating persons of all ages and at all levels. Mostly we are talking about taking advantage of our country's greatest resource, its citizens.

We must consider all of the good suggestions that are put forward today and in all other forums. The answers to revitalizing our Nation's rural areas will not be easy to determine. I am encouraged by the leadership on this issue here on the House side, especially from my colleagues, Mr. ENGLISH of Oklahoma and Mr. COLEMAN of Missouri.

Mr. EMERSON. Mr. Speaker, the social and economic complexion of rural America is changing. This is not a new phenomenon, just one that is becoming more obvious now than ever before. Change is taking place in rural America much faster today and those changes are having greater impact on the lives and well-being of the Nation's rural residents. Additionally, rural areas are feeling the influences of the global economy more acutely than in prior periods.

Since the recession of the early 1980's, rural areas have failed to experience the same degree of development and economic expansion that much of this country has enjoyed. Much work remains in order to reverse past economic shortfalls and lay the groundwork for future rural growth.

In addressing the rural development issue, both Federal and private industry efforts must play a significant role. In many remote rural areas, the complement of private and public service mechanisms needed to support business do not presently exist. Never has the need for establishing new business development avenues been so evident. An important apparatus toward this goal continues to be the establishment of Rural Federal Enterprise Zones.

These Rural Federal Enterprise Zones allow an economically depressed area to be designated for preferential governmental treatment to promote investment and job creation by private industry. Incentives to businesses that hire employees or invest within enterprise zones can include tax incentives and regulatory relief. There is no question within my mind that the creation of these enterprise zones in rural areas could be quickly translated into real, productive jobs for rural residents.

Despite administration support and numerous congressional attempts to creat a Rural

Federal Enterprise Zone Program, no complete Federal program currently exists. Legislative efforts, unfortunately, have not yet prevailed, but our intention has been made clear. Rural Federal Enterprise Zones carry the hope of lifting our rural areas from a diminishing economy to one of needed growth and prosperity. By targeting enterprise zone efforts to our most economically distressed areas, we will send a signal to our rural citizens that present societal and economic change need not leave them without opportunity or hope for future generations.

As we approach a new century, we must not leave our rural communities behind. With the promise of new growth and industry, we will rejuvenate the economic infrastructure of our rural communities. By providing such incentives as these Federal Enterprise Zones entail, we can help spur the recovery of rural America and create new avenues for our rural residents to prosper.

Mr. KASTENMEIER. Mr. Speaker, the economic fortunes of the 1980's have taken a toll on the Nation's small towns and rural areas. We have seen a downturn in our agricultural economy that can only be called a depression in light of its severity. Decreases in farm profitability led to a drop in farmland values. That meant economic disaster for the Farm Credit System, and contributed to the problems we have seen in our banking and savings and loan industries.

Today, we are, hopefully, on the brink of a comeback in rural America. Farm income has increased. It is unfortunate that the greater portion of farm income is due to Government payments to farmers. But income is up. Farmland prices have bottomed out. Problem loans are being restructured under authorities created by the 100th Congress. There are new signs of economic health in rural America.

Across the country, certainly in Wisconsin, there is an increasing commitment to rural development. Economic development efforts are focusing on the role of small towns and rural areas. Financial institutions stand ready to provide capital for development efforts. Cooperatives are eager to take part in rural development. State and local governments are beginning to work together. In short, we find an impressive array of people and assets eager to work together to develop the economic capacity of our rural areas.

The question is: What should the role of the Federal Government be in all of this? In the last Congress, I was happy to join with former Congressman Ed Jones in cosponsoring comprehensive rural development legislation. But our efforts came to no avail, particularly because of the problems of funding a major rural development effort at a time when the budget deficit overrides all new spending initiatives.

I do think there is a role for the Federal Government to play in rural development, and I do not think that it is necessary that its role ought to be simply to provide funding. I believe the Federal Government is at its most effect when it operates as a mechanism for pushing forward the efforts of other people, other institutions, in ways that would not happen without the Federal instigation. The history of the Cooperative Agricultural Extension Service is a classic example of the good that can be accomplished when a Federal effort is realized on the local level by local people for the good of their community.

As the Congress begins hearings into rural development this year, as representatives of those varying resources in rural America come forward to testify, we need to identify and quantify those obstacles that deter local rural development efforts, and find ways to remove the obstacles, to smooth the process, and to spur communication and cooperation.

I'm pleased that the House Agriculture Committee is stepping forward to meet the challenge, and I offer assistance to Chairman DE LA GARZA and the new chairman of the Conservation, Credit and Rural Development Subcommittee, Mr. ENGLISH, as the Congress develops a workable rural development plan.

Mr. DORGAN of North Dakota. Mr. Speaker, it is my pleasure to talk about a subject that is of utmost importance to this Nation and to my constituents—rural development. As you know, rural America has not shared in the economic recovery of the 1980's. Instead, much of rural America has suffered through a prolonged recession caused by the decline in agricultural prices and, for the energy producing States, the drop in oil prices. In addition to the pummeling brought about by these economic forces, rural America has also suffered at the hands of nature during last year's drought—the worst since the Dust Bowl of the 1930's.

Much can be done to ameliorate the damage caused by these events but the most important long-range solution is to develop the economy of rural America so that it is not dependent on such a narrow economic base. For too long, the well being of rural America has been viewed as solely dependent on the health of agriculture. But if rural America is to prosper and become a viable part of the post-industrial economy we must diversify into other economic activities.

At the same time, the urban areas of our country confront their own problems. Chief among these is the congestion, pollution, and spiraling costs associated with overdevelopment and overcrowding. America and more manageable growth in urban America by working to stimulate rural development.

I propose a four-pronged approach:

First. Let's have an affirmative action strategy for rural America. In order to help those groups in our society who have been left behind, the Federal Government actively seeks to assist minority firms by designating a share of Federal contracts for these companies. Similarly, I propose that the Congress establish a rural content requirement for goods and services procured by the Federal Government.

This rural content requirement could be established as either a set-aside program for small contracts or as a percentage of subcontractors on a major contract. In either case, I would propose that the relevant proportion of rural content should be tied to the proportion of Americans living in rural communities—about 15 to 20 percent in 1989. Much more needs to be defined to make this approach work but I feel this will result, over time, in a diversified, competitive rural subcontractor base that will provide a stable foundation for continued rural economic development.

Second. Require Federal agencies that make grants and loans to foster general economic development to allocate at least a fair share or their funds to rural areas. Again, this share should be tied to the percentage of Americans living in rural communities.

In a study done by the GAO, the percentage of Small Business Administration loans and grants devoted to rural areas was often far below the fair percentage these areas should receive—sometimes as low as 3 percent.

Of course, I understand that some development funding is targeted at certain areas. But for those programs that are supposed to benefit the Nation as a whole, rural America has the right to expect its fair share. Requiring agencies and departments to monitor their allocations to rural areas and establishing a criteria for fund allocation is one way to assure that it gets it.

Third. Facilitate rural development through the use of rural development investment zones. As you know, one recent proposal for restoring balance in the economy is to create urban enterprise zones. The weakness of this approach is that it leaves the rural depression untouched. A further weakness is that the notion of enterprise or investment zones is meaningless without tangible incentives to attract businesses.

I have introduced H.R. 2531, the Rural Development Investment Zone Act of 1989; legislation that will provide greater economic opportunities for our Nation's most economically distressed rural areas. It will help to level the national economic playing field, stimulate diversification, and recognize the explicit value of rural development.

This legislation will stimulate new business development in rural areas and provide new and challenging employment for their residents. Of equal significance, anticipated expansion and diversification of businesses in these regions will reduce the impact of economic downturns in the future. This legislation complements the prior two proposals I have made today by facilitating the business development which the rural content requirement and rural fair share will help initiate.

First, my legislation authorizes the Secretary of the Treasury to designate development zones located in certain impoverished rural communities based upon the area's size, its degree of poverty, and general economic distress.

Second, the legislation provides employment-related tax incentives to attract new businesses and to retain existing businesses within the nominated areas. The incentives include: An employer tax credit of 10 percent for increased spending on qualified wages; and an investment tax credit of 10 percent on certain depreciable real property used in a trade or business within a development investment zone.

Other investment provisions are: Waiver or modification of Treasury rules are permitted in certain circumstances in order to further job creation, community development, and economic revitalization objectives of the zones, and the Foreign Trade Board shall consider any application to establish a foreign trade

zone within a development investment zone on a priority basis and expedite processing.

The additional Federal assistance and tax incentives provided under the act should result in incentives to diversified economic growth that is so desperately needed to improve the quality of life for residents in these areas.

Fourth. Let's redirect the Department of Agriculture to focus more directly on rural development. In order to give proper attention to rural development at the highest level, I propose that the Department name be changed to the U.S. Department of Agriculture and Rural Development. To ensure that this will not merely be a meaningless name change, I would also propose that the Department establish an Under Secretary for Rural Development. This office will oversee the various rural development activities in the department through the Agency for Rural Development—a new agency that will house the various development programs now located throughout the Department.

In addition, the Agency for Rural Development will provide matching grants to States to foster rural development coordination and planning, encourage technology development in rural areas, and establish revolving loan and venture capital fund pools. Finally, I would propose that we establish a Rural Advocacy Office to act on behalf of rural States, small communities, and small businesses located in rural areas when seeking redress from onerous regulations or assistance in seeking Government grants or contracts.

Mr. AuCOIN. Mr. Speaker, I am very pleased to join my colleagues today in addressing the crucial issue of rural development. I fully agree that rural America needs a clear policy on the uses and development of its resources—and it needs this policy now.

I want to focus specifically on the problem of rural hunger. I don't have to look beyond the borders of my own States to see the problems we face: hundreds of thousands of Oregonians don't have enough to eat—even with the agricultural abundance in our State. There will be no "rural development" as long as people are put at risk of hunger.

While poverty concentrated in our large cities is serious and demands our attention, we cannot overlook the very serious poverty and hunger problems that plague many rural areas.

Results of a recent survey conducted by the Oregon Food Bank revealed some frightening facts about the social, economic, and political factors which forced 480,000 Oregonians to seek emergency food assistance. Families and individuals receiving emergency food have very low incomes, many are in poor health, and nearly half are children. Many are employed or want to be employed but cannot find adequate child care.

The message is simple: In rural America—to an even greater degree than in urban America—work provides no assurance that a family will not be poor and hungry.

Some of this poverty is a result of economic factors that are beyond our control. The recessions of the early 1980's hit rural areas harder than urban areas—and these rural areas have recovered less in recent years. Compounding the problem, wage and earnings levels are considerably lower in rural areas.

But not all the factors leading to poverty and hunger in rural areas are out of our control. Reductions in government assistance at both Federal and State levels have contributed significantly to the increase in poverty and hunger rates. Reductions in the purchasing power of AFDC benefits levels, sharp contractions in unemployment insurance coverage, and reductions in food stamp assistance in inflation-adjusted terms have affected rural and urban areas alike. What are sometimes called barriers to participation—both transportation and information barriers—remain more substantial in rural than in urban areas. Solutions to these problems are within our reach and they must be addressed if we are to get to the root of rural hunger.

The Food Stamp Program represents by far the most substantial food assistance program in the rural United States. We need more dollars in the program. More importantly, we need to improve the delivery system in rural areas by addressing the special barriers to participation inherent in the current system. We can't accept the fact that people aren't eating because food stamp offices are too far away, that they lack transportation to these offices, or that office hours conflict with work hours.

There is about 30 percent less food available than required to meet the immediate needs of hungry people in Oregon alone. Corporate mergers and last summer's drought may further reduce emergency food resources essential to meeting on going needs. This is a crisis situation that must be met head on—not with inaction. We need to replenish the Federal food commodity program.

Finally, we must know and understand the causes of hunger in rural America to ensure that our nutrition programs are responsive to the unique needs of poor people in our rural communities. Until citizens and government join together in responding to hunger and the factors that increases economic vulnerability of a significant portion of our population, this humanitarian mission cannot be fully realized.

There is no doubt that many rural Americans are forced to go to sleep—and live through the next day—hungry. I commend Congressman ESPY for his work as chairman of the Select Committee on Hunger's Domestic Task Force and for his foresight in organizing this special order on rural development. I'm very pleased to join my colleagues today in shining the spotlight on the special needs of the hungry in rural areas and other crucial issues unique to rural development. We need to make rural development a Federal policy priority and we need to do it now.

Mr. APPLEGATE. Mr. Speaker, since 1981, when President Reagan entered office, programs to rebuild rural infrastructure, improve health and welfare service delivery, education and transportation; provide low-income housing, expand and diversify rural businesses, manage land and water resources, and enhance labor training programs, as well as other social and domestic programs, have been cut by some $125 to $130 billion. The economic graves of many rural communities that have no major businesses or industries have been dug leaving many of these communities with large numbers of people who cannot afford the basic and fundamental necessities of life. Their quality of life, which since the midsixties, has been reversed and seriously injured.

These program cuts have come about at the same time as record trade deficits and the relocation of many companies to foreign companies. Rural communities which had hosted industries found themselves facing the loss of jobs and the accompanying loss of wages and tax base to support the community. We continue to support the economies of other countries, both Third World and major industrial nations, while our rural communities continue to deteriorate.

It is time to make a concerted effort to develop economically the rural segment of the United States and provide new hope to these communities and the individuals who reside in them. The per person cost of infrastructure does not decrease because of location in a rural area; rather, these costs increase due to the smaller population base to pay the bill. We must recognize this fact and act to prevent outrageous consumer costs of these facilities. Likewise, we must recognize the special needs of rural health care providers and address these in a manner which ensures that residents of rural areas are not denied access to basic medical, care because of location or cost. Finally, we must realize that rural residents do not want Federal handouts. Rather, they want the economic development which will enable them to have the personal income and local tax base to meet their needs. Once again, it is time that we work with rural communities to truly learn their needs and develop methods of addressing them.

Mr. UPTON. Mr. Speaker, I appreciate the opportunity to appear here on the House floor to offer my perspective on rural development issues. I commend my distinguished colleagues, Mr. ENGLISH, Mr. GRANT, and Mr. ESPY for reserving the time to speak out on behalf of rural areas during this special order on rural development. It is my hope that the Congress in a truly bipartisan manner will recognize the need to address the critical issues facing rural communities in the United States.

I represent a rural district in southwestern Michigan, and have been concerned about rural development for quite some time. Indeed, it is a major reason why I first ran for Congress in 1986. Just last week, I introduced House Concurrent Resolution 140, with Joint Economic Committee [JEC] Chairman LEE HAMILTON as an original cosponsor. This resolution calls for all the appropriate committees of Congress to give due consideration to the advancement of rural development legislation.

It is my hope that our work here today will lead to a consensus among our colleagues in the House of Representatives that now is the time to act to help rural America prepare for the 1990's and the next century.

Rural statistics and indicators are clear: the economic health and viability of rural areas is falling further and further behind that of other geographical areas. For example, consider:

Rural unemployment rates 33 percent higher than urban unemployment;

Rural poverty levels 33 percent higher than urban areas; and

Rural income per capita 25 percent lower than urban income.

Rural America is going through a socioeconomic transition of historic proportions. While only 2 percent of the Nation's population lives on farms, approximately one quarter of its residents live in rural areas. And in recent years, over 500,000 people have migrated annually from rural areas to urban and suburban areas.

In light of these recent trends, our goal must be to maintain and improve the rural quality of life. The United States has a history of a vibrant heartland, and we must do all we can to preserve this heritage. Diversification of the rural agricultural economy but also diversification of rural businesses and industries in noncyclical or anticyclical fields is key to the revitalization of rural areas.

I endorse a comprehensive legislative approach to dealing with the economic development needs of rural communities. The Agriculture Committee would necessarily and rightfully assume the leadership on this legislation, but—as we have seen—the needs of rural communities are multijurisdictional.

I advocate that this effort be two-pronged: First, a reevaluation of existing Federal programs and the accurate targeting of them toward rural areas; and second, a well-thought-out approach to any new Federal programs to address the special needs of rural communities.

Many Federal programs discriminate—sometimes blatantly—against rural areas. Indeed, there is much evidence to suggest that Federal funds just do not reach rural areas. Just one of the specific examples of such discrimination is how Medicare reimbursement rates for urban hospitals are lower than rural hospitals.

I challenge every Member of Congress representing a rural area and every committee of the Congress to examine the programs under their jurisdiction to determine whether such discrimination in funding occurs. It is imperative that we start with a review of laws already on the books to insure fairness for the 25 percent of our citizens that live in rural America.

Similarly, any discussion of new legislative proposals for addressing the particular needs of rural areas should be designed to fill the gaps of existing Federal programs. One general area which has consistently been neglected in rural areas is the development of human resources. Investment in people is necessary. We must stop the exodus of talented people from rural areas.

All of the rural policy proposals from each committee could then be incorporated into one large rural initiative. I would suggest that the theme for this package of legislation be "Fairness to Rural Areas." For too long, rural areas have been forced to swallow unequal treatment by Federal policies. It is time to demand equity in Federal funding to rural areas. The future and quality of life in rural areas may depend on this goal.

Under the astute leadership of my distinguished colleagues, Mr. DE LA GARZA of Texas and Mr. ENGLISH of Oklahoma, the House Agriculture Committee has already initiated a series of hearings on rural development. This is a great start. I commend the members of the Agriculture Committee for their foresight and commitment to rural areas. In the coming weeks, I hope to see legislative action in every pertinent committee in the House, including my own—Public Works and Transportation and Small Business. Rural areas in the United States deserve the attention of the whole House of Representatives to insure fair and effective Federal programs for rural economic development.

To my colleagues in the House, allow me to suggest that you continue to show your support for a comprehensive legislative package to assist rural areas by joining Congressman HAMILTON and I as a sponsor of House Concurrent Resolution 140, the rural development initiative resolution.

Mr. Speaker, thank you once again for this opportunity to speak on behalf of a goal which I believe we all share: the revitalization of rural America.

Mr. BEREUTER. Mr. Speaker, since 1982 we have had an expansion in our Nation's economy. Unemployment has been reduced; investment has been increased; costs have been cut, and competitiveness has been increased. This expansion in the Nation's economy, with few exceptions, has not, however, reached the majority of rural communities. Most rural areas have not seen their fortunes improve as a result of the rising economic tide.

The fortunes of rural communities, which showed improvement in the seventies, took a turn for the worse in the eighties. The gap between the standard of living of rural and urban residents has grown during the expansion phases of the current business climate.

A comprehensive approach to rural economic development must be sought. Farm policy alone will not improve the economic well-being of rural residents. Rural development does not mean just agricultural development. Instead rural development must include a variety of public policy actions that include stimulating the growth of private sector employment, insuring an adequate financial base for local governments, improving the availability and quality of the education system, the health care system, and the transportation system.

To address these objectives this Member is an original cosponsor of a series of bills providing for rural development as introduced by my colleague from Missouri, Mr. COLEMAN. This rural development initiative was originally introduced in the 100th Congress, and this Member was an original cosponsor of the cornerstone of this rural development package at that time.

The basic elements of the new legislation include the establishment of a Rural Development Administration within the Department of Agriculture, the establishment of an Office of Advocacy for Rural Development to promote, evaluate, and recommend rural development activities, the creation of a Guaranteed Loan Program to provide funding for rural economic development and infrastructure needs, and the creation of a competitive grant program to establish rural technology and training centers.

The survival of many rural farm and small business families will increasingly depend on the expansion of nonfarm income and employment opportunities in rural areas. Congressional support for a comprehensive rural development policy is essential for creating a stable rural economic and social environment. We must begin now to work together to revitalize rural America.

Mr. PENNY. Mr. Speaker, the Agriculture Subcommittee on Conservation, Credit, and Rural Development began a series of hearings this week on rural development that will prove to be crucial for the economic well-being of rural America.

There is no doubt among any of us on the Agriculture Committee, or those who are participating in this special order here today, that there are needs and potentials that are not being met in rural America. How we respond brings forth an abundance of ideas and proposals and often conflicting advice on the direction that rural development will take.

In spite of the many differences that can be found among rural areas in the United States, I think that two main themes will emerge from these hearings: first, that our rural areas suffer from a lack of capital for small- and medium-sized business development, and second, that our rural infrastructure is crumbling beneath us.

I think the Congress must look at how to get the "most bang for the buck" in rural development programs to address these problems. To me that means utilizing existing cooperatives, businesses, and development organizations in the most efficient ways possible. To maintain the rural community tax base, we must keep people in rural areas, and to accomplish this we must create new jobs in rural areas. New jobs mean economic diversification and that requires business financing.

Mr. Speaker, I look forward to the support of all my colleagues in the House as we work to put together a rural development package this year. And, I am confident that we will see many of the ideas that emerge from the hearings process that began yesterday, put into practice in the near future.

GENERAL LEAVE

Mr. ENGLISH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order this evening.

The SPEAKER pro tempore (Mr. PICKETT). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. WYDEN (at the request of Mr. AUCOIN), for today, on account of a medical emergency.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

29-059 O-90-40 (Pt. 8)

(The following Members (at the request of Mr. GRANDY) to revise and extend their remarks and include extraneous material:)

Mrs. BENTLEY, for 60 minutes, on June 13, 14, 15, 20, and 21.

Mr. MCEWEN, for 5 minutes, today.

Mr. GUNDERSON, for 60 minutes, on June 8.

Mr. UPTON, for 60 minutes, on June 8.

(The following Members (at the request of Mr. HOAGLAND) to revise and extend their remarks and include extraneous material:)

Mr. HOAGLAND, for 5 minutes, today.

Mr. FALEOMAVAEGA, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. ROSTENKOWSKI, for 5 minutes, today.

Mr. PANETTA, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, on June 8 and June 12.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. BEILENSON and to include extraneous material notwithstanding the fact that it exceeds 2 pages of the RECORD and is estimated by the Public Printer to cost $1,210.

Mr. FORD of Michigan, immediately preceding the vote on the Solomon amendment in the Committee of the Whole today.

(The following Members (at the request of Mr. GRANDY) and to include extraneous matter:)

Mr. BROWN of Colorado in two instances.

Mr. BILIRAKIS.

Mr. GALLO.

Mr. LEWIS of California.

Mrs. MARTIN of Illinois.

Mr. SUNDQUIST.

Mr. COUGHLIN in two instances.

Mr. CRANE.

Mr. GILMAN.

Mr. DONALD E. "BUZ" LUKENS in two instances.

Mr. RITTER.

Mr. MCEWEN.

Mr. FISH.

Mr. DORNAN of California in two instances.

Mr. GALLEGLY.

Mr. BUECHNER.

Mr. STANGELAND.

Mr. PORTER in four instances.

Mr. CRAIG.

Mr. DENNY SMITH.

Mrs. JOHNSON of Connecticut.

Mr. CAMPBELL of California.

Mr. BEREUTER.

(The following Members (at the request of Mr. HOAGLAND) and to include extraneous matter:)

Mr. MORRISON of Connecticut in two instances.

Mr. HAMILTON in three instances.

Mr. SLATTERY.

Mr. DYMALLY in three instances.

Mr. COLEMAN of Texas.

Mr. ERDREICH.

Mr. LANTOS.

Mr. MATSUI.

Mr. SKELTON.

Mr. KANJORSKI.

Mr. MAZZOLI.

Mr. FALEOMAVAEGA.

Mr. CLEMENT.

Mr. ROE.

Mr. NOWAK.

Mr. ECKART.

Mr. SOLARZ.

Mr. LIPINSKI.

Mr. NEAL of Massachusetts.

Mr. NELSON.

Mr. GUARINI.

Mr. BROWN of California.

Mr. MANTON.

Mr. SMITH of Florida.

Mr. MILLER of California.

Mr. BONIOR in three instances.

ENROLLED BILL SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 932. An act to provide for the settlement of land claims, and the resolution of certain issues of governmental jurisdiction, of the Puyallup Tribe of Indians in the State of Washington, and for other purposes.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 767. An act to make technical corrections to the Business Opportunity Development Reform Act of 1988.

ADJOURNMENT

Mr. ENGLISH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 33 minutes p.m.) the House adjourned until tomorrow, Thursday, June 8, 1989, at 10 a.m.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports of various House committees concerning the foreign currency and U.S. dollars utilized by them during the first quarter of calendar year 1989.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON AGRICULTURE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1989

Name of Member or employee	Date		Country	Per diem		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Hon. E. Thomas Coleman	1/6	1/12	France	8.100	1.350.00						1.350.00
	1/12	1/15	Sweden	4.695	750.00						750.00
	1/15	1/18	Hungary	26.488.62	498.00						498.00
Military transportation							4.447.40				4.447.40
Codel Edward R. Madigan:											
Hon. Edward R. Madigan	1/4	1/9	Jordan				29.75				29.75
Hon. Robert F. Smith	1/4	1/9	Jordan				29.75				29.75
Hon. Wally Herger	1/4	1/9	Jordan				29.75				29.75
Mr. Charles Hilty	1/4	1/9	Jordan				29.75				29.75
Codel other expenditures: Control officer overtime									353.73		353.73
Committee total					2.598.00		4.566.40		353.73		7.518.13

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

E. DE LA GARZA, CHAIRMAN, APR. 30, 1989.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON ENERGY AND COMMERCE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1989

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Gerry Sikorski, M.C. [3]	1/5	1/6	San Paulo, Brazil		304.00						304.00
	1/07	1/10	Paraguay		500.00						500.00
	1/11	1/11	Chile		139.00						139.00
	1/12	1/14	Brasilia, Brazil	375.00							375.00
	1/15	1/15	Porto Velho, Brazil		150.00						150.00
	1/16	1/19	Manus, Brazil		423.00						423.00
E. Ripley Forbes	1/7	1/15	England		1,778.00						1,788.00
	1/15	1/18	Holland		522.00						522.00
Commercial air fare							2,930.00				2,930.00
Tim Westmoreland	1/7	1/15	England		1,778.00						1,788.00
					522.00						522.00
Commercial air fare							2,930.00				2,930.00
Mary McGrane	1/7	1/12	England		1,211.00						1,211.00
	1/12	1/14	Scotland		378.00						378.00
Commercial air fare							2,891.00				2,891.00
Committee total					8,080.00		8,751.00				16,831.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Military transportation costs were reported by the Senate Interparliamentarian Office.

JOHN D. DINGELL, Chairman.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON THE JUDICIARY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1989

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. John Bryant [3]	1/5	1/6	Brazil		304.00						304.00
	1/6	1/11	Paraguay		500.00						500.00
	1/11	1/12	Chile		139.00						139.00
	1/12	1/19	Brazil		948.00						948.00
Hon. William J. Hughes	2/11	2/13	Peru		148.00						148.00
	2/13	2/16	Bolivia		190.50						190.50
Commercial transportation							2,166.00				2,166.00
Hayden Gregory	2/11	2/13	Peru		148.00						148.00
	2/13	2/16	Bolivia		190.50						190.50
Commercial transportation							2,194.00				2,194.00
Committee total					2,568.00		4,360.00				6,928.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Transportation and miscellaneous expenses will be reported by the Senate.

JACK BROOKS, Chairman, May 5, 1989.

EXECUTIVE COMMUNICATIONS, ETC.

Under the clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1321. A letter from the Director of Administration and Management, Office of the Secretary of Defense, transmitting notification of the Strategic Defense Initiative Organization's decision to exercise the provision for exclusion of the clause concerning examination of records by the Comptroller General from a proposed contract with the United Kingdom Government for certain defense articles, pursuant to 10 U.S.C. 2313(c); to the Committee on Armed Services.

1322. A communication from the President of the United States, transmitting his determination that the statutory fiscal year 1989 limits for the Export-Import Bank authority should remain unchanged, pursuant to 12 U.S.C. 635e(a)(2)(B)(i); to the Committee on Banking, Finance and Urban Affairs.

1323. A letter from the Assistant General Counsel, Department of Energy, transmitting notification of a meeting related to the International Energy Program to be held on June 6, 1989, at Paris, France; to the Committee on Energy and Commerce.

1324. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Department of the Air Force's proposed letter(s) of offer and acceptance [LOA] to Korea for defense articles and services (Transmittal No. 89-26), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

1325. A letter from the Assistant Secretary of State for Legislative Affairs, transmitting copies of the report of political contributions by Shirley Temple Black, of California, and C. Howard Wilkins, Jr., of Kansas, Ambassadors-designate and members of their families, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

1326. A letter from the Agency for International Development, transmitting a report on the Agency's activities under the Freedom of Information Act for calendar year 1988, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

1327. A letter from the Administrator, Environmental Protection Agency, transmitting the semiannual report on the activities of the Inspector General covering the period from October 1, 1988, to March 31, 1989, pursuant to Public Law 95-452, section 5(b) (102 Stat. 2526); to the Committee on Government Operations.

1328. A letter from the Director, U.S. Information Agency, transmitting the semiannual report of the Inspector General covering the period October 31, 1988, through March 31, 1989, pursuant to Public Law 99-399, section 412(a); to the Committee on Government Operations.

1329. A letter from the Secretary of the Interior, transmitting his determination on the third party factfinder report on the findings relating to past drainage on State and Federal leases occurring along the boundary between the State of Louisiana and Federal waters, pursuant to Public Law 100-446, section 117; to the Committee on Interior and Insular Affairs.

1330. A letter from the General Counsel, Department of the Treasury, transmitting a draft of proposed legislation to provide for the recovery by the U.S. Customs Service of the cost of customs processing of imported

articles, and for other purposes; to the Committee on Ways and Means.

1331. A letter from the U.S. Trade Representative, transmitting a draft of proposed legislation entitled, "Amendment of Superfund Petroleum Tax to Conform to the GATT"; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ROSTENKOWSKI: Committee on Ways and Means. Report of the Committee on Ways and Means pursuant to section 302(b) of the Congressional Budget Act of 1974 relating to the budget resolution for fiscal year 1990 (Report 101-77). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. UDALL:

H.R. 2570. A bill to provide for the designation of certain public lands as wilderness in the State of Arizona; to the Committee on Interior and Insular Affairs.

H.R. 2571. A bill to provide for the designation of certain national wildlife refuge lands as wilderness in the State of Arizona; jointly, to the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries.

By Mr. ROSTENKOWSKI (for himself and Mr. STARK):

H.R. 2572. A bill to amend the Internal Revenue Code of 1986 to repeal the partial exclusion for interest on certain loans used to acquire employer securities; to the Committee on Ways and Means.

By Mr. ANTHONY (for himself, Mr. PICKLE, Mr. JACOBS, Mr. FORD of Tennessee, Mr. GEPHARDT, Mr. DOWNEY, Mr. GUARINI, Mr. MATSUI, Mr. FLIPPO, Mr. DORGAN of North Dakota, Mr. COYNE, Mr. ANDREWS, Mr. MOODY, Mr. ARCHER, Mr. VANDER JAGT, Mr. CRANE, Mr. FRENZEL, Mr. SCHULZE, Mr. GRADISON, Mr. THOMAS of California, Mr. MCGRATH, Mr. BROWN of Colorado, Mr. CHANDLER, Mr. SUNDQUIST, Mrs. JOHNSON of Connecticut, Mr. HATCHER, Mr. MINETA, and Mr. SHAW):

H.R. 2573. A bill to amend the Internal Revenue Code of 1986 with respect to the allocation of research and experimental expenditures; to the Committee on Ways and Means.

By Mr. GEJDENSON (for himself, Mr. MAVROULES, and Mr. ASPIN):

H.R. 2574. A bill to commend the President for the conventional arms reduction initiative announced in Brussels on May 29, 1989, and to require the President to submit to Congress a report on the foreign policy and military implications of further reductions by the North Atlantic Treaty Organization and Warsaw Pact alliances in the levels of conventional military forces in Europe; to the Committee on Foreign Affairs.

By Mr. GUARINI (for himself, Mr. FLORIO, Mr. GALLO, Mr. DICKS, Mr. THOMAS of California, Mr. BENNETT, Mr. CONTE, Mr. COSTELLO, Mr. WOLF, Mr. AUCOIN, Mr. MONTGOMERY, Mr. BOSCO, Mr. ROE, Mr. RINALDO, Mr. WATKINS, Mr. FUSTER, Mr. APPLEGATE, Mr. HUGHES, Mr. ANDERSON, Mr. HORTON, Mr. HYDE, Mr. GORDON, Mr. BILBRAY, Mr. SKELTON, Mr. MATSUI, Mr. JONES of Georgia, Mr. MCNULTY, Mr. DICKINSON, Mr. SMITH of New Jersey, Mr. BLAZ, Mr. VOLKMER, Mrs. PATTERSON, Mr. BUSTAMANTE, Mr. KOLTER, Mr. JONTZ, Mr. COURTER, Mr. DYMALLY, Mrs. BOXER, Mr. WAXMAN, Mr. PALLONE, Mr. MARTINEZ, Mr. NIELSON of Utah, Mr. FAZIO, Mr. PAYNE of New Jersey, Mr. SAXTON, Mr. DARDEN, Mr. FOGLIETTA, Mr. EMERSON, Mr. GONZALEZ, Mr. LANCASTER, Mr. MCCANDLESS, Mr. CAMPBELL of Colorado, Mr. NEAL of North Carolina, and Mr. TRAFICANT):

H.R. 2575. A bill to establish a congressional commemorative medal for members of the Armed Forces who were present during the attack on Pearl Harbor on December 7, 1941; to the Committee on Banking, Finance and Urban Affairs.

By Mr. JONES of North Carolina:

H.R. 2576. A bill to provide temporary authority to certain employees of the Panama Canal Commission to purchase food and other goods at any commissary or exchange store located in Panama which is operated by any military department of the United States; jointly, to the Committees on Armed Services and Merchant Marine and Fisheries.

By Mr. KASTENMEIER:

H.R. 2577. A bill to prohibit the denial or abridgment of the right of former criminal offenders to vote in elections for Federal office; to the Committee on the Judiciary.

By Mr. MATSUI:

H.R. 2578. A bill to prohibit the importation into the United States of certain articles originating in Burma; to the Committee on Ways and Means.

By Mrs. SCHROEDER:

H.R. 2579. A bill to amend title 10, United States Code, to require defense contractors to provide protection to their employees against reprisal for disclosure to an appropriate Government official of information which the employee reasonably believes evidences misconduct relating to a defense contract; to the Committee on Armed Services.

By Ms. SLAUGHTER of New York:

H.R. 2580. A bill to amend the Immigration and Nationality Act to protect foreign spouses victimized by physical abuse and extreme mental cruelty; to the Committee on the Judiciary.

By Mr. VALENTINE (for himself, Mr. ROE, Mr. GLICKMAN, Mr. MCCURDY, Mr. BROWN of California, Mr. LEWIS of Florida, Mr. ROHRABACHER, and Mr. CAMPBELL of California):

H.R. 2581. A bill to authorize the Federal Aviation Administration to establish an aviation research grant program; to the Committee on Science, Space, and Technology.

By Mr. VENTO:

H.R. 2582. A bill to amend the Historic Sites, Buildings, and Antiquities Act; to the Committee on Interior and Insular Affairs.

By Mr. FAUNTROY (for himself, Mrs. MORELLA, Mr. MCMILLEN of Maryland, Mr. HOYER, Mr. WOLF, and Mr. PARRIS):

H.J. Res. 289. Joint resolution designating July 4, 1989, as "July 4th Family Celebration Day"; to the Committee on Post Office and Civil Service.

By Mr. NELSON of Florida (for himself, Mr. CAMPBELL of Colorado, Mr. LELAND, Mr. AKAKA, Mr. BEVILL, Mr. DE LUGO, Mr. RAHALL, Mr. UPTON, Mr. CLEMENT, Mr. RITTER, Mr. GILMAN, Mr. SMITH of Mississippi, Mr. HANCOCK, Mr. TALLON, Mr. ROTH, Mr. CARR, Mr. LANCASTER, Mr. SKELTON, Mr. ROBERT F. SMITH, Mr. RUSSO, Mr. OBERSTAR, Mr. BUNNING, and Mrs. VUCANOVICH):

H.J. Res. 290. Joint resolution designating the week beginning May 13, 1990, as "National Tourism Week"; to the Committee on Post Office and Civil Service.

Mr. CRAIG.

H. Con. Res. 143. Concurrent resolution expressing the sense of the Congress that the Department of Defense should place a greater emphasis on the remanufacture of existing military equipment as an interim measure to maintain readiness in light of budget constraints, production delays, and cost of overruns of new equipment; to the Committee on Armed Services.

By Mr. LANTOS:

H. Con. Res. 144. Concurrent resolution to express the sense of the Congress concerning the funeral of Imre Nagy, the former Prime Minister of Hungary, and other heroes of the 1956 revolution in Hungary; to the Committee on Foreign Affairs.

By Mr. HOYER:

H. Res. 168. Resolution electing Representative Moakley of Massachusetts, chairman of the Committee on Rules; considered and agreed to.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

140. By the SPEAKER: Memorial of the Senate of the State of Michigan, relative to the Republic of Lebanon; to the Committee on Foreign Affairs.

141. Also, memorial of the Legislature of the State of Alaska, relative to public transportation in Alaska; to the Committee on Public Works and Transportation.

142. Also, memorial of the Legislature of the State of Alaska, relative to emergency measures for fishery enhancement and rehabilitation; to the Committee on Public Works and Transportation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. DIXON introduced a bill (H.R. 2583) to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel *Magnum Force*; which was referred to the Committee on Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 8: Mr. BLILEY and Mr. YOUNG of Florida.

H.R. 29: Mr. DEWINE.

H.R. 41: Mr. EDWARDS of California, Mr. ESPY, and Mr. SIKORSKI.

H.R. 81: Mrs. UNSOELD and Mr. FLAKE.

H.R. 85: Mr. EDWARDS of Oklahoma.

H.R. 90: Mr. MACHTLEY.

H.R. 108: Mr. OWENS of New York, Mr. CHAPMAN, Mr. PARKER, and Mr. SMITH of Mississippi.

H.R. 118: Mr. BOEHLERT.

H.R. 162: Mr. CRAIG.

H.R. 283: Mr. DE LA GARZA, Mr. PAYNE of Virginia, and Mr. QUILLEN.

H.R. 303: Mr. SMITH of Vermont, Mr. MCNULTY, and Mr. WHITTEN.

H.R. 461: Mr. PACKARD.

H.R. 539: Mr. STENHOLM, Mr. DANNEMEYER, Mr. AKAKA, Mr. KLECZKA, Mr. MARTINEZ, Mr. GARCIA, Mr. HANCOCK, Mr. MCMILLEN of Maryland, Mr. MCCRERY, and Mr. DENNY SMITH.

H.R. 574: Mr. RHODES, Mr. RAVENEL, Mr. SMITH of New Hampshire, Mr. ARMEY, Mr. OXLEY, Mr. HANSEN, Mr. PACKARD, Mr. BLILEY, and Mr. CRAIG.

H.R. 624: Mr. HAYES of Louisiana, Mr. SMITH of Mississippi, and Mr. PARKER.

H.R. 626: Mr. CRAIG.

H.R. 642: Mr. RAY, Mr. BUSTAMANTE, Mr. LAUGHLIN, Mr. FROST, Mr. TAUZIN, Mr. WILSON, Mr. BARTON of Texas, Mr. COLEMAN of Texas, Mr. ARMEY, Mr. ROBERT F. SMITH, Mr. BRYANT, and Mr. HAYES of Louisiana.

H.R. 655: Mr. DELLUMS.

H.R. 660: Mr. ATKINS.

H.R. 746: Mr. BROWN of Colorado, Mr. MCMILLEN of Maryland, Mr. DE LA GARZA, Mr. OXLEY, Mrs. PATTERSON, Mr. BALLENGER, Mr. NIELSON of Utah, Mr. SENSENBRENNER, Mr. MCCRERY, Mr. CAMPBELL of Colorado, and Mr. CRANE.

H.R. 762: Mr. HERGER, Mrs. MARTIN of Illinois, and Mr. PRICE.

H.R. 780: Mrs. MORELLA.

H.R. 794: Mrs. LOWEY of New York.

H.R. 844: Mr. LIGHTFOOT, Mr. PETRI, and Mr. GEJDENSON.

H.R. 853: Mr. GOODLING.

H.R. 882: Mr. ATKINS, Mr. ESPY, Mr. FAUNTROY, Mr. HENRY, Mr. GARCIA, Mr. SABO, Mr. STAGGERS, Mr. STARK, Mr. RANGEL, Mr. BENNETT, Mr. MURPHY, Mr. FRANK, Mr. MARKEY, Mr. COYNE, Ms. KAPTUR, Mr. FOGLIETTA, Mr. MOODY, Mr. HAWKINS, Mr. LEHMAN of Florida, Mrs. COLLINS, Mr. MATSUI, Mr. SKAGGS, Mr. ACKERMAN, and Mr. SOLARZ.

H.R. 904: Mr. WYDEN, Mr. HALL of Texas, Mr. ROYBAL, Mr. WEISS, Mr. SLATTERY, Mrs. UNSOELD, Ms. SCHNEIDER, Mr. MCGRATH, and Mr. ENGEL.

H.R. 987: Mr. MCMILLAN of North Carolina and Mr. BORSKI.

H.R. 995: Mr. WOLF, Mr. LOWERY of California, Mr. FALEOMAVAEGA, Mr. HAWKINS, Mr. BURTON of Indiana, and Mr. MANTON.

H.R. 1052: Mr. HERGER, Mr. DONALD E. LUKENS, and Mr. CRANE.

H.R. 1053: Mr. SHAYS.

H.R. 1054: Mr. KOSTMAYER, Mr. FIELDS, and Mr. BOUCHER.

H.R. 1078: Mr. SOLARZ, Mr. MATSUI, Mr. STOKES, Mr. AKAKA, and Mr. SANGMEISTER.

H.R. 1112: Mr. NEAL of North Carolina.

H.R. 1136: Mr. HOPKINS, Mr. COBLE, Mr. CHANDLER, Mr. SKELTON, Mr. RHODES, Mr. THOMAS A. LUKEN, Mrs. MEYERS of Kansas, Mr. NEAL of Massachusetts, Mr. BUECHNER, Mr. HEFLEY, Mr. SCHAEFER, Mr. PARKER, and Mr. ENGLISH.

H.R. 1137: Mr. ASPIN and Mr. JOHNSON of South Dakota.

H.R. 1139: Mr. ASPIN, Mr. JOHNSON of South Dakota, Mr. SABO, and Mr. PETRI.

H.R. 1165: Mr. CHAPMAN, Mr. SAVAGE, and Mr. LELAND.

H.R. 1187: Mr. KILDEE, Mr. MRAZEK, Mr. LEVINE of California, Mr. FAZIO, Mr. BILBRAY, Mr. MORRISON of Connecticut, and Mr. VENTO.

H.R. 1188: Mr. DWYER of New Jersey.

H.R. 1216: Mr. AUCOIN, Mr. OWENS of Utah, Mrs. BOXER, Mr. STARK, Mr. BILIRAKIS, Mr. ROE, Mr. MATSUI, and Mr. ESPY.

H.R. 1221: Mr. ESPY.

H.R. 1236: Mr. SMITH of New Hampshire, Mr. HENRY, Mr. BOUCHER, Mr. JONES of North Carolina, Mr. PENNY, Mr. HERTEL, Ms. SLAUGHTER of New York, Mr. WILSON, Mr. STOKES, Mr. RAHALL, Mr. KLECZKA, Mr. TRAFICANT, Mr. CLINGER, Mr. MARTINEZ, Mr. WILLIAMS, Mr. RAVENEL, Mr. SLATTERY, and Mr. WYLIE.

H.R. 1237: Mr. ESPY.

H.R. 1243: Mr. BOUCHER, Mr. DURBIN, and Mr. DINGELL.

H.R. 1283: Ms. PELOSI.

H.R. 1286: Mr. ATKINS, Mr. WAXMAN, Mr. PARKER, Mr. TOWNS, Mr. PANETTA, Mr. FUSTER, Mr. BATES, and Mr. ROE.

H.R. 1337: Mr. HENRY, Mr. HAWKINS, and Mr. SANGMEISTER.

H.R. 1358: Mrs. LLOYD.

H.R. 1383: Mr. COSTELLO.

H.R. 1491: Mr. ESPY, Mrs. UNSOELD, Mr. YOUNG of Florida, and Mr. LEWIS of Florida.

H.R. 1510: Mr. LEWIS of Georgia, Mr. ACKERMAN, Mr. TOWNS, Mr. FUSTER, Mr. MFUME, Mr. CONTE, Mr. SOLARZ, Mr. MOAKLEY, Mr. VENTO, Mr. PANETTA, Mr. BATES, Mr. MARKEY, Mr. FRANK, Mr. LEHMAN of Florida, Mr. TRAXLER, Mr. DORGAN of North Dakota, Mr. NEAL of North Carolina, Mr. WAXMAN, Mr. AUCOIN, Mr. KENNEDY, Mr. LEVIN of Michigan, Mrs. SCHROEDER, Mr. HAWKINS, Mrs. BOXER, Mr. FROST, Mr. JACOBS, and Mrs. MORELLA.

H.R. 1574: Mr. MORRISON of Connecticut, Mr. STARK, Mr. MATSUI, and Ms. LONG.

H.R. 1582: Mr. BENNETT and Mr. RANGEL.

H.R. 1608: Mr. PANETTA, Mr. TALLON, Mr. STENHOLM, and Mr. BEREUTER.

H.R. 1617: Mr. ACKERMAN, Mr. BILBRAY, Mr. CARR, Mr. HERGER, Mr. ROGERS, and Mr. TOWNS.

H.R. 1646: Mr. HUGHES, Mr. OWENS of New York, Mr. RANGEL, Mr. MORRISON of Connecticut, Mr. ROE, Mr. DORGAN of North Dakota, Mr. FALEOMAVAEGA, Mr. STUDDS, Mr. GEJDENSON, Mr. MARTINEZ, Mr. SMITH of Florida, Mr. DE LUGO, Mr. FAUNTROY, Mr. DELLUMS, Mr. WILLIAMS, Mr. MCDERMOTT, Mr. COELHO, Mr. SPRATT, and Mr. FROST.

H.R. 1669: Mr. BORSKI and Mr. EDWARDS of Oklahoma.

H.R. 1678: Mr. SLATTERY.

H.R. 1687: Mr. BLILEY and Mr. BILIRAKIS.

H.R. 1786: Mr. MOORHEAD.

H.R. 1879: Mr. LAGOMARSINO, Mr. MCEWEN, and Mr. HAWKINS.

H.R. 1957: Mr. PACKARD and Mr. PARKER.

H.R. 2002: Ms. PELOSI, Mr. GALLEGLY, Mr. TANNER, Mr. FAUNTROY, Mrs. UNSOELD, Mr. JONTZ, Mr. FAZIO, and Mr. DYMALLY.

H.R. 2080: Mr. WOLF, Mr. ROE, Mr. FAWELL, Mr. DANNEMEYER, and Mr. DYMALLY.

H.R. 2096: Mr. HAWKINS, Mr. ROBINSON, Mr. LELAND, and Mr. OWENS of New York.

H.R. 2112: Mr. STUDDS.

H.R. 2121: Mr. ROBERTS, Mr. PAYNE of Virginia, Mr. FAWELL, and Mr. LAGOMARSINO.

H.R. 2128: Mr. WILSON, Mr. DEFAZIO, and Mr. MINETA.

H.R. 2131: Mr. GALLO.

H.R. 2134: Mr. SLATTERY, Mr. DEFAZIO, Mr. BROWN of California, and Mr. WEISS.

H.R. 2138: Mr. HUGHES, Mr. SWIFT, Mr. BRYANT, Mr. FEIGHAN, Mrs. BOXER, Ms. PELOSI, Mr. MILLER of Washington, Mr. MILLER of California, Mr. CARDIN, Mr. ANDERSON, and Mr. AKAKA.

H.R. 2141: Mr. MATSUI, Mr. ROBINSON, and Mr. THOMAS of California.

H.R. 2181: Mr. GORDON.

H.R. 2202: Mr. DE LA GARZA, Mr. HORTON, and Mr. JONTZ.

H.R. 2210: Mr. COOPER, Mr. DELLUMS, Mr. DURBIN, Mr. DORGAN of North Dakota, Mr. JONTZ, Mrs. BOXER, Mr. CLEMENT, Mr. BUECHNER, Mr. FOGLIETTA, Mrs. COLLINS, Mr. LEWIS of GEORGIA, Mr. ROBINSON, Mr. DYALLY, Mr. OWENS of New York, Mr. ECKART, Mr. EVANS, Mr. HAWKINS, and Mr. ENGEL.

H.R. 2228: Mr. HOUGHTON and Mr. YATRON.

H.R. 2258: Mr. ROE.

H.R. 2265: Mr. CARDIN.

H.R. 2321: Mr. STANGELAND, Mr. LEVIN of Michigan, Mr. DORGAN of North Dakota, Mr. HERTEL, Mr. TOWNS, Mr. VENTO, Mr. ACKERMAN, Mr. LEWIS of Georgia, Mr. SIKORSKI, Mr. PEASE, Mr. BOEHLERT, Mr. MINETA, and Mr. DEFAZIO.

H.R. 2353: Mr. DYSON, Mr. VANDER JAGT, Mr. MONTGOMERY, and Mr. ROSE.

H.R. 2354: Mr. DEFAZIO.

H.R. 2359: Mr. MCEWEN, Mr. BOEHLERT, Mr. PACKARD, Mr. SCHUETTE, and Mr. NIELSON of Utah.

H.R. 2366: Mr. CAMPBELL of Colorado.

H.R. 2428: Mr. GEJDENSON.

H.R. 2462: Mr. MOODY, Mr. STARK, Mr. SMITH of Florida, Mr. JONTZ, Mr. EVANS, Mr. BATES, and Mr. VENTO.

H.R. 2463: Mrs. BOXER, Mr. SMITH of Florida, and Mr. SOLOMON.

H.R. 2467: Mr. ANTHONY, Mr. PANETTA, and Mr. EVANS.

H.R. 2479: Mr. JOHNSTON of Florida and Mr. SHAW.

H.R. 2507: Mr. GALLO, Mr. COURTER, Mr. WOLPE, and Mr. SISISKY.

H.J. Res. 19: Mr. CAMPBELL of Colorado.

H.J. Res. 35: Mr. WOLF, Mr. MCDERMOTT, Mr. MRAZEK, Mr. TRAFICANT, Mr. SLAUGHTER of Virginia, Mr. SCHAEFER, Mr. HAWKINS, Mr. LEVIN of Michigan, and Mr. ROWLAND of Georgia.

H.J. Res. 54: Mr. BROWN of California.

H.J. Res. 91: Mr. CRAIG.

H.J. Res. 163: Mr. HERTEL, Mr. BATES, Mr. CLAY, Mr. WEISS, Mr. MCHUGH, Mr. DEWINE, Mr. COYNE, Mr. SKAGGS, Mr. AKAKA, Mr. ATKINS, Mr. BLILEY, Mr. HENRY, Mr. COSTELLO, Mr. FUSTER, Mr. KENNEDY, Mr. DEFAZIO, Mr. FAWELL, Mr. BROWN of Colorado, Mr. HAYES of Illinois, Mr. GOSS, Mr. CARDIN, Mr. FALEOMAVAEGA, Mr. KILDEE, Mr. DOWNEY, Mr. IRELAND, Mr. MILLER of California, Mr. GEPHARDT, Mr. FLIPPO, Mr. MURPHY, Mr. CLINGER, Mr. TRAFICANT, Mr. WATKINS, Mr. YATRON, Mr. HAYES of Louisiana, Mr. MURTHA, Mr. ANDERSON, Mr. STARK, Mr. BUSTAMANTE, and Mr. SMITH of Vermont.

H.J. Res. 184: Mr. HALL of Ohio, Ms. PELOSI, Mr. GREEN, Mr. BATEMAN, Mr. ESPY, Mr. VANDER JAGT, Mr. MOORHEAD, Mr. ACKERMAN, Mr. DORNAN of California, Mr. FRANK, Mr. HATCHER, Mr. INHOFE, Mr. KOSTMAYER, Mrs. MEYERS of Kansas, Mr. TAUKE, Mr. VENTO, Mr. TOWNS, Mr. SYNAR, Mr. ROHRABACHER, Mr. PACKARD, Mr. DURBIN, Mr. GEKAS, Mr. GRANT, Mr. MCDADE, Mr. MARLENEE, Mr. QUILLEN, Mr. LEWIS of California, Mr. MOODY, Mr. HAMMERSCHMIDT, Mr. FORD of Michigan, Mr. MACHTLEY, Mr. ROYBAL, Mr. THOMAS of Georgia, Mr. DARDEN, Mr. LEWIS of Georgia, Mr. PRICE, Ms. OAKAR, Mr. CONYERS, Mr. STOKES, Mr. VALENTINE, Mr. MURPHY, Mr. OWENS of Utah, Mr. SISISKY, Mr. HORTON, Mr. BROOMFIELD, Mr. CARR, Mr. DE LUGO, Mr. COSTELLO,

Mr. BEVILL, Mr. MILLER of Washington, Mr. DICKS, Mr. PALLONE, Mr. DINGELL, Mr. PAYNE of Virginia, Mr. SCHEUER, Mr. HENRY, Mr. TALLON, Mr. LEVINE of California, Mr. MARTINEZ, Mr. COX, Mr. LAFALCE, Mr. RAVENEL, Mr. FAWELL, Mr. TRAFICANT, Mr. CARDIN, Mr. FAUNTROY, Mr. HYDE, Mr. BILIRAKIS, Mr. ENGEL, Mr. FLORIO, Mr. CONTE, Mr. FISH, Mr. WELDON, Mr. PANETTA, Mr. BILBRAY, Mr. UPTON, Mr. SHAYS, Mr. JONTZ, Mr. BARNARD, and Mr. DYMALLY.

H.J. Res. 199: Mr. MOODY.

H.J. Res. 215: Mr. WYDEN, Mr. RAHALL, Mr. LANTOS, Mr. JONTZ, Mr. GARCIA, Mr. ESPY, Mr. SHAYS, Mr. FAUNTROY, Mr. EMERSON, Mr. VALENTINE, Mr. MCNULTY, Mr. FLORIO, Mr. HERTEL, Mr. FUSTER, Mr. MILLER of Washington, and Mr. DE LA GARZA.

H.J. Res. 221: Mr. BROWN of California, Mr. EVANS, Mr. HAYES of Illinois, and Mr. MCGRATH.

H.J. Res. 240: Mr. THOMAS A. LUKEN and Mr. MOAKLEY.

H.J. Res. 257: Mr. LEWIS of Georgia, Mr. FUSTER, Mrs. COLLINS, Mr. BOSCO, Mrs. BOXER, Mr. ACKERMAN, Mr. HARRIS, Mr. COURTER, Ms. PELOSI, Mr. TRAXLER, Mr. RINALDO, Mr. MAZZOLI, Mr. KOLTER, Mr. HOCHBRUECKNER, Mr. ROWLAND of Connecticut, Mr. EVANS, Mr. LEHMAN of California, Mr. CARPER, Mr. HANSEN, Mr. HATCHER, and Mr. YOUNG of Alaska.

H.J. Res. 263: Mr. DEFAZIO, Mr. TOWNS, Mr. BOEHLERT, Mrs. UNSOELD, Mr. PAYNE of New Jersey, and Mrs. PATTERSON.

H.J. Res. 271: Mr. BOEHLERT, Ms. PELOSI, Mr. BEILENSON, Mr. DORGAN of North Dakota, Mr. PENNY, Mr. MORRISON of Connecticut, Mr. ACKERMAN, Mr. SCHUETTE, Mr. HORTON, Mr. MAVROULES, and Mr. MINETA.

H.J. Res. 287: Mr. OBEY.

H. Con. Res. 3: Mr. ROBINSON.

H. Con. Res. 14: Mr. GEJDENSON and Mr. CHANDLER.

H. Con. Res. 23: Mr. CONTE, Mr. DE LA GARZA, Mr. BILBRAY, Mr. SCHAEFER, and Mr. CRANE.

H. Con. Res. 35: Mrs. MEYERS of Kansas, Mr. YOUNG of Florida, and Mr. PACKARD.

H. Con. Res. 92: Mr. LANTOS, Mr. MACHTLEY, and Mr. MCMILLAN of North Carolina.

H. Con. Res. 113: Mr. MILLER of Washington, Mr. MCEWEN, Mr. MARTINEZ, Mr. SMITH of New Jersey, Mr. BEREUTER, and Mr. YATRON.

H. Con. Res. 115: Mrs. MARTIN of Illinois, Mr. PAXON, Mr. COURTER, Mr. PANETTA, Mr. LANTOS, Mr. CONTE, Mr. WAXMAN, Mr. SMITH of Mississippi, Mr. LIPINSKI, Mr. OWENS of New York, Mr. FAZIO, Mr. SMITH of Vermont, Mr. HYDE, Mr. DORGAN of North Dakota, Mr. FOGLIETTA, Mr. AKAKA, Mr. SCHIFF, Mr. ACKERMAN, and Mr. BROWN of California.

H. Con. Res. 135: Mr. CAMPBELL of Colorado, Mr. DOUGLAS, Mr. GOSS, and Mr. STEARNS.

H. Res. 106: Mr. STEARNS.

H. Res. 120: Mr. CLINGER, Mr. BERMAN, Mr. FEIGHAN, Mr. MILLER of Washington, Mrs. MEYERS of Kansas, Mr. WALGREN, Mr. VALENTINE, Mr. DIXON, Mr. HOCHBRUECKNER, and Mrs. UNSOELD.

H. Res. 122: Mr. GINGRICH.

H. Res. 128: Mr. ECKART, Mr. MOLINARI, Mrs. UNSOELD, Mr. GALLEGLY, Mr. BLILEY, Mr. MINETA, Mr. EDWARDS of California, Mr. MCEWEN, Mr. ERDREICH, and Mr. SABO.

H. Res. 130: Mrs. SAIKI, Mr. MRAZEK, Mr. CLINGER, and Mrs. PATTERSON.

H. Res. 139: Mr. STANGELAND, Mr. HATCHER, Mrs. MARTIN of Illinois, Mr. JONTZ, Mr. LEWIS of Florida, Mr. GRANDY, Mr. GORDON, Mr. JONES of North Carolina, Mr. RICHARDSON, Mr. MARLENEE, Mr. WEBER, Mr. HAMMERSCHMIDT, Mr. EMERSON, Mr. WALKER, Mr. MCEWEN, Mr. ROBINSON, Mr. LIGHTFOOT, Mr. ROWLAND of Georgia, Mr. MADIGAN, Mr. HILER, and Mr. SUNDQUIST.

PETITIONS, ETC.

Under clause 1 of rule XXII,

49. The SPEAKER presented a petition of the Common Council of the City of Gary, IN, relative to Hispanic youth; which was referred to the Committee on Education and Labor.