EXTENSIONS OF REMARKS

THE SHIPBUILDING TRADE AGREEMENT ACT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 11, 1995

Mr. CRANE. Mr. Speaker, today, I am pleased to introduce, together with my colleagues Mr. GIBBONS and Ms. DUNN, the Shipbuilding Trade Agreement Act. This bill implements the Shipbuilding Agreement signed December 21, 1994, by key shipbuilding nations after 5 years of negotiation under the auspices of the Organization for Economic Cooperation and Development. I congratulate the administration for negotiating this historic agreement which applies to the construction and repair of self-propelled seagoing vessels of 100 gross tons and above and covers approximately 80 percent of the ships engaged in global shipping.

The agreement is scheduled to enter into force 30 days after all signatories deposit instruments of ratification, acceptance, or approval. In the interim, the signatories are in the process of formal ratification. In the United States, legislation must be enacted by Congress to bring U.S. law into compliance with the agreement.

I believe that it is important to implement this agreement as soon as possible because it should help achieve an international environment that gives the U.S. shipbuilding industry the best chance to compete in world markets that are not distorted through subsidization. The agreement will open up trade in shipbuilding by eliminating distortive government subsidies granted either directly to shipbuilders or indirectly through ship operators. In addition, the agreement contains an injurious pricing code to prevent dumping in the shipbuilding industry and includes a comprehensive discipline in Government financing for exports and domestic ship sales as well as a dispute settlement mechanism. I believe that the hearing held by the Trade Subcommittee in July highlighted the benefits that implementation of this agreement will bring.

The bill uses the antidumping remedies of Title VII of the Tariff Act of 1930, as amended, as the model for the provisions applicable to shipbuilding, revised only where necessary to take into account differences between the agreement and the WTO and differences due to the unique nature of vessels. However, although we applied Title VII without change wherever possible, we will review the entire antidumping scheme as it applies to merchandise in general and shipbuilding in particular at some later time.

The Trade Subcommittee will mark up this legislation on Wednesday, December 13. I hope that after that point, the full Committee on Ways and Means will take up the bill as quickly as possible. Unfortunately, the press of other business has prevented us from considering an implementing bill sooner. However, my commitment to this legislation is solid. I am confident that our trading partners do not doubt our resolve and understand that we will do our best to consider the legislation promptly so that we may implement the agreement as soon in 1996 as possible.

PROPOSED SALE OF ARMY TACTICAL MISSILE SYSTEM TO TURKEY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 11, 1995

Mr. HAMILTON. Mr. Speaker, on December 1, 1995, the Clinton administration notified the Congress of its proposal to sell 120 Army Tactical Missile Systems [ATACMS], valued at $132 million, to the Government of Turkey. The Congress has 15 days to review this proposed sale to Turkey, a NATO ally.

Because of many concerns in the Congress about human rights in Turkey, I asked the Department of State to write to me with respect to this weapons system, and whether any human rights issues are raised by this proposed sale. The text of the letter from the Department of State follows:

U.S. DEPARTMENT OF STATE,
Washington, DC, November 17, 1995.

Hon. LEE HAMILTON,
House of Representatives

DEAR MR. HAMILTON: I am pleased to respond to your request for further information regarding the Administration's intention to transfer 120 Army Tactical Missile System (ATACMS) missiles to Turkey.

We believe this defensive system is appropriate to the threats faced by Turkey. In particular, with a range of 165 kilometers, ATACMS is designed and tested to be effective against high value targets deep behind the battlefield, including deployed ballistic missile launch sites, surface-to-air missiles and command and control units.

The missile can be launched from the Multiple Launch Rocket System, of which the Turks already possess twelve. This compatibility makes the ATACMs an ideal system for meeting Turkish defense needs. Moreover, the transfer meets NATO defense requirements and it supported by the Commanders-in-Chief of the European Command and Central Command and offers protection against Iran, Iraq, and Syria, all of which have missiles capable of striking Turkey.

We are aware of your concern that arms transfers be used for the uses intended by the U.S. government as stipulated in the Arms Export Control Act and other relevant statutes. We share your concern and wish to emphasize that this is not a weapon likely to be used in the commission of human rights abuses.

First, the high cost of the system, $750,000 per missile, make it highly impractical as a counter-insurgency or anti-personnel weapon. Second, it is designed and optimized as an anti-material weapon; the munitions it carries are designed to pierce electronic equipment and other lightly shielded materiel. Third, in view of the characteristics of the missile, the United States has the ability to monitor the use of the system. Fourth, the distinctive debris and damage pattern it produces make it possible to obtain physical evidence that it has been used.

The use of this system against insurgents does not make financial or military sense and its use could be confirmed by observation and physical evidence. You should also know that, unlike some other sub-munitions weapons it has a very low ''dud'' rate (4 per cent or less). Therefore, if it is used in wartime, the risk to civilians from unexploded munitions will be very low.

We need to ensure the Turks do not question our security relationship with them. While we have in fact been exceptionally thoughtful in our transfers, it is important now to demonstrate we are a reliable ally and that Turkey's legitimate defense needs will be met.

Our Embassy in Ankara has commented that it is particularly important to go forward with the ATACM sale now to reassure Ankara about the reliability of our security relationship.

I hope we have been responsive to your concerns. Please do not hesitate to contact me if we can be of further assistance.

Sincerely,

WENDY R. SHERMAN,
Assistant Secretary Legislative Affairs.

GEORGE LESLIE McCULLEN

HON. G.V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Monday, December 11, 1995

Mr. MONTGOMERY. Mr. Speaker, on Saturday, November 11, 1995, George Leslie McCullen was laid to rest. George was an extraordinarily good and honorable man, a valued friend, and a strong ally.

There is a sweet irony that George was buried on Veterans' Day, the day our Nation sets aside to say ''thank you'' to those who have served in our Armed Forces. As a veteran of the Korean conflict, George earned our thanks. His service to country did not end, however, when George completed military service. Until his recent retirement, George was employed by the Virginia Department of Education, veterans education. In this capacity, he and his staff were responsible for ensuring that only education programs of the finest quality were approved for veterans using their GI bill benefits. Veteran students receive a superior education in the State of Virginia because of George McCullen's dedication to excellence and commitment to learning.

I noted earlier that George was a strong ally. I first met him during the early days of the battle for the new GI bill. At that time, George was legislative director for the National Association of State Approving Agencies [NASAA], a position he held from 1983 to 1990. Although George worked in Richmond, he never hesitated to make the drive to Washington to participate in one of our many strategy sessions. His suggestions for action were always excellent, and his dedication was a major factor in our ultimate success—the implementation of the new GI bill on July 1, 1985. George

was determined that the fine young men and women who serve in our All Volunteer Forces should have the opportunity to earn educational assistance benefits, and his unwavering support and assistance were critical to our success.

After enactment of the GI bill, George continued to share his good advice and wise counsel with me and my staff. He was instrumental in the passage of legislation making the GI bill permanent, measures improving other veterans' education programs, and legislation that protected SAA funding and established a superb training curriculum for SAA McCullen left behind an enviable legacy. His was a life of good works, and I feel honored to have known him. I want to extend my deepest sympathy to George's wife, children, and grandchildren.

IN DEFENSE OF DIRECT LENDING

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 11, 1995

Mr. FRANK of Massachusetts. Mr. Speaker, recently I was discussing Federal policy toward higher education with one of the most thoughtful students of that subject, Father Bartley MacPhaidin, C.S.C., who's president of Stonehill College in Easton, MA. I have long found Father MacPhaidin to be an important source of information on educational policy. I was particularly struck in our conversation by his forceful advocacy of the direct lending program, and of the benefits it provides for the students, whose financial well-being has always been very high on the list of Father MacPhaidin's concerns. He was so cogent and persuasive on the subject that I asked him to share with me in writing some of his thoughts because I believe that providing the best method by which young Americans can receive a college education is a very high priority for us and I think all of our colleagues will benefit substantially from reading Father MacPhaidin's knowledgeable and thoughtful discussion of the benefits of this program as he and his college have experienced them.

IN DEFENSE OF DIRECT LENDING

Stonehill College was one of the 104 colleges chosen to participate in the first year of the new direct lending program for student loans. Today another 1500 institutions are in the program across the country. Based on Stonehill's experience of direct lending, the proposal in Congress radically to curtail or terminate direct lending should be resisted.

In the new program, students and families deal directly and solely with our financial aid office. No longer must borrowers negotiate the often confusing, frustrating and seemingly endless steps in the bank/school/guaranty agency loops to obtain student loans. In direct lending, the College determines eligibility originates loans, provides and processes pormissory notes, requests and receives funds directly from the government and credits student accounts. Virtual one-stop-shopping.

Recently, a junior came to the financial aid office seeking funds to pay the rent on his off-campus apartment. The financial aid office immediately originated a Direct Loan, printed the promissory note on line, which the student completed in the office. Within one week, the funds were in the student's account and he received a check to pay his rent.

In the old program, the student would have gone to his bank, obtained a form, completed the form and sent it back to the bank, the bank would send it to the college for certification, the college would send the certified form to the guaranty agency, the guaranty agency would certify the guarantee and notify the bank. The bank would then, finally, cut the check and mail it to the college. The college would notify the student, the student would come to the financial aid office to cosign the check which would then be deposited to his account.

Of course, he would probably have been evicted for non-payment of rent before this cumbersome process was completed.

Direct Lending helps students manage their debt better, enables them to borrow only as much as they need when they need it. In the past, the cumbersome bank/guaranty agency process has meant that students borrowed the maximum each time to be sure they had the money they needed when they needed it.

The bank/guaranty agency loop has also meant alumni may have confusion in the repayment cycle. Stonehill has an alumna who called recently to resolve a potential default status. She had borrowed each of her four years at Stonehill from the same bank. But that bank had ''sold'' her loans to three different servicing companies. She was finding it nearly impossible to figure out which bank holds her loans and how she could obtain payment deferments to attend graduate school.

All Direct Lending loans are ''bundled'' and handled by the same servicer. While Stonehill's current student loan default rate is only 2.5%, the new simpler system will prevent many defaults, here and nationwide.

There is controversy over whether Direct Lending is a savings or a cost to the taxpayer, the difference arising in large part from the use of different accounting principles. The banking lobby is strong and speaks in deafening tones. The only way to truly compare costs is to let the two systems operate side by side for at least ten years, allowing each school to choose the program which works best for it.

Then, using agreed accounting procedures, the true costs to taxpayers for each program can be assessed, the relative default rates cmopared, and a rational decision made to keep one or both programs. Stonehill urges the Congress to permit such an experiment to take place, allowing market forces to improve both programs while giving ample opportunity for fair comparison. Students, families, and taxpayers can only gain.

MARITIME SECURITY ACT OF 1995

SPEECH OF

HON. GREG GANSKE

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 6, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill H.R. 1350, to amend the Merchant Marine Act, 1936 to revitalize the United States-flag merchant marine, and for other purposes:

Mr. GANSKE. Mr. Chairman, I am opposed to H.R. 1350, the Maritime Security Act of 1995. I am disappointed that the House approved this legislation which will literally give away over $100 million a year to the domestic ship building industry. This measure is corporate welfare at its worst. As we move towards a balanced budget by 2002, we should not undertake this wasteful initiative.

The Maritime Security Act of 1995 is an attempt to lengthen the phase-out of subsidies for the American shipbuilding industry. The Merchant Marine Act of 1936 created the Operating Differential Subsidy [ODS] Program. This program provided payments to carriers on specified trade routes to offset the higher cost of operating under the U.S. flag and was intended to maintain a U.S. merchant fleet. Unfortunately, rather than stimulate a vibrant domestic fleet, subsidies have resulted in an aging fleet of uncertain quality and reliability. Time has proven that this program was ill advised. Wisely, these contracts were set to expire over the next 3 years.

Unfortunately, instead of allowing the free market to reinvigorate and revitalize this sector of our economy, supporters of the U.S. shipping industry have developed a new program which will effectively extend the subsidies until the year 2005 at a potential cost of over $1.2 billion. Adoption of this legislation will force the taxpayers to pay each U.S. ship more than $2 million each year.

Perhaps even more amazing, the Maritime Security Act would remove the requirement that obligates U.S. shipping companies to make their vessels available to the Government in time of national emergency. Incredibly, the bill allows these companies to substitute similar size foreign-registered, foreign-crewed ships. The result, Mr. Chairman, is that U.S. taxpayers get virtually nothing for their tax dollar. Because of continued subsidies, the domestic shipping industry will remain inefficient and uncompetitive. Companies like Cargill or Con Agra shipping products like Iowa corn and grain will continue to face uncompetitive rates higher than the world average.

At this point, Mr. Chairman, I would like to submit for the RECORD a letter I received from Citizens Against Government Waste that summarizes the serious flaws in this legislation and makes the case why it should be defeated.

COUNCIL FOR CITIZENS
AGAINST GOVERNMENT WASTE,
Washington, DC, December 5, 1995.

DEAR REPRESENTATIVE: The 600,000 members of the Council for Citizens Against Government Waste (CCAGW) urge you to reject a new subsidy in H.R. 1350, ''Maritime Security Act of 1995.''

The current subsidized maritime system is set to expire in 1997, and in this time of fiscal restraint, it should not be renewed. Instead, for the first time in maritime subsidy history, U.S.-flag vessel operators will be able to collect both cargo preference and direct subsidies. Earlier this year, CCAGW applauded Appropriations Subcommittee on Commerce, Justice, State, and the Judiciary Chairman Hal Rogers, for refusing to fund H.R. 1350. Today, the Department of Defense relies upon a variety of resources to meet its sealift objectives. For example, according to