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House of Representatives

The House met at 12:30 p.m. and was called to order by the Speaker.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate insists upon its amendments to the bill (H.R. 2977) ''An Act to reauthorize alternative means of dispute resolution in the Federal administrative process, and for other purposes,'' requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STEVENS, Mr. COHEN, Mr. GRASSLEY, Mr. GLENN, and Mr. LEVIN, to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendment of the House to the bill of the Senate of the following title:

S. 1136. An act to control and prevent commercial counterfeiting, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1488. An act to convert certain excepted service positions in the United States Fire Administration to competitive service positions, and for other purposes; and

S. 1579. An act to streamline and improve the effectiveness of chapter 75 of title 31, United States Code (commonly referred to as the ''Single Audit Act'').

MORNING BUSINESS

The SPEAKER. Pursuant to the order of the House of May 12, 1995, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member except the majority and minority leaders limited to not to exceed 5 minutes.

HEALTH INSURANCE

The SPEAKER pro tempore (Mr. STEARNS). Under the Speaker's announced policy of May 12, 1995, the gentleman from Georgia [Mr. GINGRICH] is recognized during morning business for 1 minute.

Mr. GINGRICH. Mr. Speaker, I just wanted to report to my colleagues that we have a real opportunity in the next day or so to reach an agreement with the Clinton administration on guaranteed portability of health care, of health insurance with no preconditions. We are working very diligently in exactly the way we believe the House wants us to, to make sure that every working American who is in the insurance system will have a guarantee that if they change jobs, they can automatically get insurance without any preconditions for the rest of their life, so it will eliminate the major concern of working Americans.

In addition, Mr. Speaker, we have a program which will extend a lower cost health care option, health insurance option, to the self-employed and small businesses. Most of the people who do not have health insurance, who are working, are either self-employed or work in small businesses. So if we can find a solution to a lower cost health insurance option, we give more Americans the ability to buy health insurance at lower cost. So we have both greater access and greater affordability. We give greater affordability through medical savings accounts, which lower the after-tax cost of buying insurance, and we get greater access by providing portability without any preconditions.

I hope we are on the verge of a real breakthrough to get this agreed to. We have already gone to conference. The Senate Republicans are prepared to go to conference immediately, if we can simply get an agreement, and we are working very diligently to get this agreement. I wanted to report on that to my colleagues.

THE RATIONALE FOR VOTING FOR DENIAL OF MFN TRADE STATUS FOR CHINA

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California [Ms. PELOSI] is recognized for 5 minutes.

Ms. PELOSI. Mr. Speaker, on June 3 President Clinton requested a special waiver to grant most-favored-nation trade status for China. Since the Tiananmen Square massacre in 1989, I have worked with my colleagues to provide alternatives to denial of most-favored-nation status, including conditional renewal or targeting revocation. However, this year I will be voting to deny MFN to China and to deny the President's special request, because of the increased violations of our bilateral trade agreements, because of the increased repression in China and Tibet, and because of China's proliferation of weapons, chemical, nuclear, and advanced missile technology, to unsafeguarded countries including Pakistan and Iran.

Mr. Speaker, while I know there is not a large enough vote in the Congress to override a Presidential veto, and the President would veto a motion to deny MFN, I do believe that a vote to support the status quo in United States-China relations is difficult to defend for several reasons.

In the area of trade, China does not play by the rules. Despite the fact that over one-third of China's exports come into the United States and are sold in the United States markets, Chinese high-tariff and nontariff barriers limit access to the Chinese market for United States goods and services and hold our exports to only 2 percent of our exports into China—a third of China's exports allowed into the United States,

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

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only 2 percent of ours allowed into China.

On a strictly trade-by-trade basis, China does not reciprocate the trade benefits we grant to them under MFN status. The result is a $34 billion United States trade deficit with China in 1995. As we can see from this chart, only 10 years ago we were reasonably in balance with a $10 million trade deficit with China, and over the past 10 years the trade deficit has increased to just about $34 billion.

Mr. Speaker, supporters of MFN will say that U.S. exports have tripled in the course of that time. They have, but Chinese exports to the United States have increased elevenfold, therefore resulting in this very extreme imbalance.

The deficit is expected to exceed $41 billion in 1996, and does not include the economic loss of Chinese piracy of our intellectual property, which costs the United States economy over $2.5 billion each year. It does not include the loss to our economy on Chinese insistence on offsets, production and technology transfer, which hurt American workers and rob our economic future, and it does not include money gained by China in the illegal smuggling of AK–47s and other weapons into the United States by the Chinese military.

Members will hear that trade with China is important for United States jobs. When President Clinton made his statement accompanying his request to renew MFN, he claimed new exports to China supported 170,000 American jobs. These jobs are very important. However, they must be seen in the larger context. Other trade relationships of comparable size, of, say, a $56 billion trade relationship, produce many, many more jobs because our trade relationship is more in balance. More of our exports are allowed into other countries' markets.

Other trade relationships of comparable size to the China-United States trade relationship support at least twice as many jobs. For example, the United States-United Kingdom trade relationship totaling $2 billion less than the United States-China relationship supports 432,000 jobs. The trade is less but the number of jobs is well over 2 times. The United States-South Korea relationship is $8 billion less than the United States-China trade relationship. It supports 381,000 jobs, well over double the Chinese trade relationship. Why? Because of lack of market access for United States products into the Chinese marketplace.

We must also be concerned about the harm to our economy of the technology transfer and production transfer which is accompanying United States investment in China and United States sales to China. The Chinese Government demands that companies wishing to obtain access to the Chinese market not only build factories there, so that the products are made in China, not in the United States, but that they also transfer state-of-the-art technology to do so. The Government then takes that technology, misappropriates it, the companies have little choice, because they want to access the market. We are helping the Chinese Government build our own competitors, using our state-of-the-art technology. Time does not permit me to go further, but more will come.

ENVIRONMENTAL ESTROGENS AND THEIR LINKS TO BREAST CANCER

The SPEAKER pro tempore (Mr. WELLER). Under the Speaker's announced policy of May 12, 1995, the gentleman from Florida [Mr. STEARNS] is recognized during morning business for 5 minutes.

Mr. STEARNS. Mr. Speaker, sadly, I am not surprised by an article in last Friday's Washington Post regarding yet another environmental health risk. The article discusses a new scientific study showing major health risk posed by chemicals commonly found in our environment. Despite even the best of intentions, a number of unnerving health trends are being linked with increased human contamination by chemical hormones.

The chemicals responsible for causing endocrine system dysfunctions have been used in common pesticides and industrial chemicals for decades. Known as environmental estrogens, these chemicals can actually mimic the hormone estrogen that naturally occurs in the human body. These synthetic hormones have the capacity to severely alter one's endocrine system, leading to an increased risk of major health problems, including breast cancer.

Breast cancer is expected to strike over 180,000 American women in 1996, and the lifetime risk for the disease has increased from a 1 in 20 chance in the 1950's to a 1 in 8 chance today. Breast cancer is the leading cause of death of women between the ages of 35 and 52, and 70 percent of newly diagnosed cases have no family history of this deadly cancer.

Environmental estrogens are largely responsible for these alarming figures. A recent study by the Mount Sinai School of Medicine showed that women with high exposures to DDT had four times the breast cancer risk of women with low exposures.

No matter how careful we are in watching what we eat and drink, exposure to chemical hormones is unavoidable in today's world. They occur in the herbicides we apply to our lawns, shoe polishes, paints, paper products we use every day, and in pesticides on the food we eat.

While we still have much to learn about toxic chemicals, what we do know thus far is cause for major concern and serious action. As a member of the Subcommittee on Health and the Environment, I am proud to have supported the passage of the Safe Drinking Water Act amendments in the Commerce Committee markup last week. This important legislation includes many reform proposals which address the most serious risks presented by contaminants in drinking water. The proposed amendments to the Safe Drinking Water Act will provide for an estrogenic substances screening program. Under this program, substances will be measured to determine if they produce effects in humans similar to those produced by naturally occurring estrogens.

In 1971, Congress passed the National Cancer Act, increasing resources for cancer research and broadening the mandate of the National Cancer Institute, a subsidiary of the National Institutes of Health. The infusion of funds following this act led to the genetic revolution in cancer and biomedicine in general. Continued funding for the NIH represents an investment in research as well as in investment to improve the Nation's health.

To protect the rights of those with identifiable disease characteristics like breast cancer in their genetic makeup, I have introduced H.R. 2690, the Genetic Privacy Act. This legislation will ensure that the new discoveries made in genetic testing research are not misused. For example, in the past 2 years, BRCA 1 and BRCA 2 were identified as major breast cancer genes. Together they account for perhaps 90 percent of familial breast cancer.

While this finding indeed benefits women, enabling them to take necessary preventive measures, negative consequences are also very likely. My bill establishes guidelines concerning disclosure and use of genetic information with regard to insurability, employability, and confidentiality.

Reducing the burden of cancer can be measured in terms of fewer deaths, fewer new cases, increased length of survival, and increased quality of life of cancer survivors. While improvements in cancer treatment have been made, overall cancer incidence continues to rise, emphasizing the formidable task ahead. The goal of a reduced cancer burden can only be achieved by the successful translation of discoveries to the benefit of all people who are at risk and who have been diagnosed with cancer.

Last weekend marked the seventh annual national race for the cure. The race was named ''Doing It For Martha'' in honor of Martha Maloney, a longtime staffer of Senator WENDELL FORD. The race will serve as a reminder to everyone of the impending threat of breast cancer. I was proud to have my staff participating as a team in the 1996 race for the cure.

Cervantes once said, ''The beginning of health is to know the disease.'' To succeed in the fight against cancer requires that we have the vision to recognize new opportunities and the flexibility and energy to capture such opportunities for progress. Our responsibility is to all people, for cancer threatens all of our lives.

Mr. Speaker, I firmly believe that a cooperative effort by Congress, the scientific community, and regulators will

yield new findings and beneficial results not only for the environmental health of this country, but for the health of current and future generations.

□ 1245

GOP SLASHES MEDICARE AND MEDICAID WHILE INCREASING DEFICIT

The SPEAKER pro tempore (Mr. WELLER). Under the Speaker's announced policy of May 12, 1995, the gentleman from New Jersey [Mr. PALLONE] is recognized during morning business for 5 minutes.

Mr. PALLONE. Mr. Speaker, last week the Republicans passed their budget plan which actually increases the deficit starting next year. Projections show that the 1996 deficit will be approximately $130 billion, but under the GOP plan it will increase to $153 billion in 1997. The GOP deficit is also higher in 1998 than this year's deficit.

I ask why. The reason is because the GOP are intent on their large tax breaks for the wealthy, part of which are paid for through excessive Medicare cuts.

In 1992 the deficit was $290 billion and in 1993 it was $255 billion. Under Democratic leadership the deficit has actually dropped 4 years in a row to the projected $130 billion of this year.

What is the reason for the Republican deficit increase? Misplaced priorities, tax breaks for their wealthy friends, and a slush fund for future unnecessary tax breaks. While the Republicans claim to be deficit hawks and the saviors of Medicare, the facts indicate that they are intent on pushing this country further into debt and making large and unnecessary cuts in Medicare.

This Republican deficit-increasing budget also makes extreme cuts of $72 billion over 6 years to the Medicaid Program and allows States to cut an additional $178 billion, for a grand total of $250 billion in Medicaid cuts. We are talking about major cuts in Medicaid as well as Medicare.

Many people look at the Medicaid Program as primarily for the poor, and, of course, it does assist poor people, but it also pays about 50 percent of all nursing home care for senior citizens. Without Medicaid, many middle-class adult children of nursing home parents will have to pay for their parents' expensive care, while at the same time trying to send their own children through college.

Last Thursday, Mr. Speaker, the Committee on Commerce, of which I am a member, voted on the Medicaid Repeal Act, which I vigorously fought. The Medicaid Repeal Act will eliminate all current guarantees of health care coverage and eliminate current guarantees of nursing home benefits to the elderly. This is the Medicaid Repeal Act that the Republican leadership is putting forward.

I offered an amendment to this act that would return these guarantees in this terrible legislation, but it was rejected by every Republican. Other Democrats offered similar amendments to continue health care coverage for the disabled, for children, for pregnant women, but again all those amendments were defeated by the Republicans.

On top of all this, the GOP Medicaid Repeal Act will sharply reduce payments to hospitals for care. Compounded with the extreme Gingrich-Dole Medicare cuts to hospitals, many will be forced to close their doors, especially hospitals that receive a majority of their income from Medicare and Medicaid.

Many hospitals in my home State of New Jersey are in this situation. They are highly Medicare and Medicaid dependent. I am very concerned about their being able to survive these steep cuts that have been proposed by the Republicans in Medicare and Medicaid.

Again, the Republican plans will reduce access to health care services. At a time when Congress should be seeking ways to decrease the number of uninsured and underinsured, the Republican leadership's answers will make these problems worse.

I thought it was interesting to see Speaker GINGRICH take the floor this morning and talk about how he is trying to increase portability and also increase health insurance for those with preexisting health conditions through the Kennedy-Kassebaum legislation. But that reality is that the Speaker and the rest of the Republican leadership have been insisting on including medical savings accounts in this Kennedy-Kassebaum health care reform.

What that will mean is that the healthy and the wealthy will opt out of the traditional health insurance programs and the cost for everyone else for health insurance will go up. So again, even though the Republican leadership talks about how they are trying to expand health care options, in fact what they are doing is making those options fewer because more and more people will not be able to afford health insurance.

Mr. Speaker, I just wanted to say in conclusion that in the past Democrats were able to decrease the deficit and preserve Medicare and Medicaid. The Republicans have misplaced priorities and values. The Democrats have a proven track record of reducing the deficit and ensuring that senior citizens have adequate health care. I remain committed to fighting these Republicans efforts that would raise the deficit while at the same time slashing Medicare and Medicaid.

HEALTH INSURANCE REFORM HELD HOSTAGE

The SPEAKER pro tempore (Mr. STEARNS). Under the Speaker's announced policy of May 12, 1995, the gentleman from Illinois [Mr. WELLER] is recognized during morning business for 5 minutes.

Mr. WELLER. Mr. Speaker, I represent probably the most diverse district in the State of Illinois. I represent part of the city of Chicago, the south suburbs in Cook and Will Counties, industrial communities like Rockdale and Bradley and La Salle/Peru, farm towns and a lot of cornfields.

Because my district is so very diverse, I am always looking for commonality, common concerns that the working people of my diverse district have.

I find that a major concern of working families, of course, is finding ways to make health care work better for working families and reforming health care. Of course my predecessor talked about Medicare.

Frankly I want to make it very clear that we Republicans are committed to saving Medicare from Bankruptcy. The trustees just a few weeks ago say if we do nothing, Medicare goes bankrupt in 5½ years. In fact, the Republican budget increases funding for Medicare by $724 billion, a 62 percent funding increase for Medicare. We are committed to saving Medicare.

We are also committed to raising take-home pay for working families, increasing the opportunity for working Americans, and also helping small business and their employees. As that common concern which resonates in my district, and, that is, making health care better by improving access and by improving health care, of course, that is a concern I have got.

I know it is a priority in this Congress to reform health care. Over the last 16 months I have held town meetings and talked with a lot of my neighbors about what we can do to make health care better. When you listen and you learn the concerns of the people that I represent, frankly you learn, No. 1, that there are 40 million Americans today that do not have health care insurance. When you listen to those 40 million Americans you learn something that frankly is a surprise for many people, and, that is, that 85 percent of those without health care coverage are self-employed, they are small-business people, they are employees of these small businesses, and they are families.

The chief reason they are unable to obtain health insurance is because they cannot find affordable rates of health insurance. We are committed to making health care more affordable because we recognize that that will improve access for working Americans to our health care system.

This Republican House and the Republican Senate have responded and passed health care reform that makes health care more affordable by making it easier for small employers to band together and pool their employees so they get more affordable group rates on insurance; increasing the self-employed tax deduction, and, thanks to

Bob Dole, we increased it to 80 percent; making health care insurance more portable so you can take it between jobs; and no one can be denied coverage because of preexisting conditions. We also provide for medical savings accounts, an innovation that is working across this country. We want to improve access by making health care more affordable to Americans.

I think it is important today to note that it was 57 days ago that the U.S. Senate passed the health insurance reform legislation by a vote of 100 to 0. Every Member, Democrat and Republican, voted for that health care reform bill.

Both the House and Senate have passed health care reform, so what is the holdup? I think it is important today to point out that today is day 57 of health care reform being held hostage in the United States Senate. Health care reform is being held hostage by a small, narrow, extreme, left-wing minority of one who stands in the way of health care reform. Working families, small businesspeople, entrepreneurs, flower shops, local grocery stores, the people on Main Street——

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Will the gentleman suspend for one moment. It is not in order to cast reflections on the Senate or its Members, individually or collectively. The gentleman may resume.

Mr. WELLER. Working families, the self-employed, flower shops on Main Street, the backbone of our society, the little guys and gals are being punished because one Member is filibustering legislation to provide health care reform and make health care affordable.

This particular Senator is using medical savings accounts as his excuse for blocking affordable health care reform. The reason this Senator is filibustering health care reform is because he wants a Government takeover of our health care system.

Medical savings accounts are an idea which was discussed while I was in the State legislature.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Will the gentleman suspend. It is not in order to cast any reflection on the Senate or its Members and I ask the gentleman to refrain from doing so.

The gentleman may proceed in order.

Mr. WELLER. Medical savings accounts are an issue I dealt with as an Illinois State legislator. While I was in the Illinois General Assembly, we were successful in passing medical savings accounts. Since 1993, Illinois residents in the Land of Lincoln have been able to reap the cost-saving benefits of MSAs.

In fact, there are 18 States today that are leading the effort to provide for medical savings accounts. In fact, there are hundreds of thousands of employees of small businesses and corporations that have the opportunity to have medical savings accounts. Medical savings accounts work because they provide choice for working Americans, choice amongst their health care providers, choice amongst their physicians. They lower costs by rewarding cost-conscious consumers, and they also provide for portability between jobs.

Unfortunately one legislator stands in the way with his filibuster, and unfortunately that interest is blocking health care reform.

There is strong bipartisan support for health care reform in the House and Senate. It passed the Senate by 100 votes to nothing, it overwhelmingly passed the House, and if it is allowed to be voted on, it will pass.

Ladies and gentleman, I ask the President to call on this one legislator in the other body to drop his effort to hold health care reform hostage.

Let us bring the bill up for a vote. Let us send it to the President with this bipartisan effort to make health care more affordable and become law.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair would remind all Members again to not cast reflections on the Senate or its Members individually or collectively, or to urge particular Senate action.

SENATE WHITEWATER COMMITTEE MINORITY FILES REPORT

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentlewoman from Colorado [Mrs. SCHROEDER] is recognized during morning business for 5 minutes.

Mrs. SCHROEDER. Mr. Speaker, I hope what I am going to do today is going to be within the rules of the House, because I rise today to urge the American people to please read the minority report coming out of the Senate today. It is terribly important. It is the minority report being filed by the ranking member, Senator SARBANES, the summary of conclusions from the Whitewater Committee.

I think this is a very, very critical report. It was not leaked to the press, as the majority report was. As a consequence, many people are dealing without this factual base. We are into spin, if you can imagine such a thing in this town. Everybody is into spin control.

Let us talk a little bit about what is going on. First of all, this has been the longest running congressional investigation of any sitting President. If we look at the facts on Watergate, if we look at the facts on Iran Contra, this one has gone much longer than that.

I am very proud that the minority report was not leaked because in this highly charged political atmosphere I was hoping this could be an objective attempt, since it has gone on so long. If we do not count the meetings done by the Senate Banking Committee that were held in 1994, let us just push those entirely out to the side, this Senate Whitewater Committee in 1995 and 1996 met for more than 300 hours in open sessions, took 10,729 pages of hearing testimony in 51 hearings and 8 public meetings. It also had 159 witnesses and took more than 35,000 pages of deposed testimony from 245 persons. Hundreds of thousands of pages of documents have been provided to the committee by different agencies, departments, and individuals.

If we look at all of this and then we look at the over $32 million that has been spent on this, I think it is terribly important to say, what did we get out of this? What did we get out of this? We ought to be looking at the facts.

This was a very broad spread committee. It went on longer than anything. The facts ought to be what we are looking at. The bottom line should be, did President Clinton misuse the powers of his presidency? The other question was, did he use his official position in Arkansas to financially enrich himself?

If we read this committee report by the minority, they clearly conclude after sifting through all of this paper and all of this oral testimony that the answer to those questions is ''no.'' And they are really rather surprised by the fact that, I guess the disappointment at finding the answer was ''no,'' they had to go out and look for someone else to drop a net over, and so it really appears that they went after Mrs. Clinton with all the venom they could possibly go after. It is like they have this incredible sinister spotlight that they want to shine on her and make her the most evil soul that ever walked the planet.

□ 1300

Mr. Speaker, this is not the person I know, and I think it is very interesting to look at the perspective that they have put on it. If you cannot recall precisely what you did 10 years ago, then they want to spin it that you are lying, you are disingenuous, you are part of a conspiracy, and so forth and so on. But basically what we should be doing, I believe by our charter under the Constitution, is we should be looking at elected officials and what elected officials did or did not do in the role of their public trusteeship. That is the issue.

Mr. Speaker, I think it has probably been very discouraging to many people who put a lot of time in, because I think, if anybody looks at the President we have, everybody knows he loves politics. And anyone who is in politics knows that politics keeps you busy 24 hours a day. There are never enough hours in the day to do all the things that you should do if you really want to be good at your profession. If anything, this President is probably guilty of ignoring his own personal financial background. He enjoys much too much being with people, talking to people, listening to people, doing

things with people, participating in events, thinking about policy issues to get involved with those details of how he pays his own bills.

So I hope that everybody looks at this minority report and we get the facts out. We have paid a lot of money for this. Let us not do spin. Let us do facts. Let us try and look at this thing objectively and not politically.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. STEARNS). According to Jefferson's Rules of the House, on page 176, even when Members characterize a report from the Senate—this is on page 176: Except as permitted in clause 1 of rule XIV, it is out of order to characterize the position of the Senate, or of Senators designated by name or position, on legislative issues.

FILEGATE

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Florida [Mr. MICA] is recognized during morning business for 5 minutes.

Mr. MICA. Mr. Speaker, Shakespeare said, ''Something is rotten in Denmark.''

Mr. Speaker, I say something is rotten in the White House. I am talking today about the case of Filegate, which has raised so many eyebrows, which has raised so many concerns. Each day a new revelation comes out on this matter. Each day I continue to be shocked and the American people become more concerned about what they learned. First we heard that the FBI had turned over or the White House had obtained 330 names to peruse. We understand the list went from ''A'' to ''G.'' Then we heard the number raised to 341 names. Recently we heard the FBI state that requests were made for more than 400 files. I learned today that one file was returned on June 10. I learned also today that 71 files were turned over on June 17. What is shocking is I learned today, too, that the White House still has 17 of these files.

Mr. Speaker, the more we learn about this situation, the more I become concerned. Mr. Freeh, the Director of the FBI, said that the FBI was victimized. I think the FBI was victimized. I think the Congress was victimized. Even the Washington Post, one of the administration's most ardent supporters, now feel in their editorials yesterday and today that they were victimized.

Mr. Speaker, this all came about because the committee on which I served, Government Reform and Oversight, requested files. We requested files for almost 2 years, and what did we get? We got stonewalled. It got so bad that we had to issue this contempt report to John Quinn, counsel to the President, requesting this information after our preliminary investigation saw the misuse and abuse of the FBI and the IRS in the Travelgate fiasco. That is how this came about.

The more questions that we see being raised, the more questions we have. We do not know how many files were obtained. We do not know how many files were copied. We do not know how the files were used. We do not know whose civil rights or privacy rights were abused. Filegate came to light because of our investigation.

Most disturbing to me as a member of the committee that was investigating this, Government Reform and Oversight, is that the FBI files of three of our subcommittee staff directors were obtained by the White House. To me, this is a clear and direct violation of the firewall which has always existed between the legislative branch, the executive branch, and the chief Federal law enforcement agency of our Nation.

The Committee on Government Reform and Oversight is charged with investigations and audits of the executive branch of Government. Our committee has been stonewalled in repeated requests for documents relating to travelgate during the past 2 years. Only after we took this drastic step of threatening to issue a contempt citation of Congress did we receive one-third of the documents requested. It was through these documents that we discovered the unbelievable tale of the misuse of FBI files in the manner we have heard described, the manner we see here.

Mr. Speaker, in light of what has been revealed, I believe it is incumbent upon this Congress to move forward immediately and issue this contempt citation to Mr. Quinn and the others. It is not sufficient for the White House and Mr. Quinn to suspend Mr. Livingstone. It is now absolutely critical that the Congress obtain all of the 2,000 missing documents, the documents that have been withheld from this Congress, withheld from our subcommittee, and that we conduct a thorough and complete investigation and review of this matter and this entire sorry chapter in this administration.

Mr. ROHRABACHER. Will the gentleman yield for a question?

Mr. MICA. Yes, I would be glad to.

Mr. ROHRABACHER. Mr. Speaker, does the gentleman believe that it is possible that the White House received all of these files from the FBI and that perhaps they were just trying to look into one or two people in those files that they really wanted to get, and that the rest of those files were just a cover against, a vendetta against individuals that they do not want to admit who they are?

Mr. MICA. Mr. Speaker, I do not know. We do not have the 2,000 documents we requested, and I call on the Congress to issue the contempt citation.

CHURCH ARSON

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from South Carolina [Mr. SPRATT] is recognized during morning business for 5 minutes.

Mr. SPRATT. Mr. Speaker, in the last 18 months, 40 churches have been burned to the ground, 5 of them in my State. And despite mounting concern, eight churches have burned in the last 2 weeks, four within the last 2 days.

It is time, past time, for Congress to say, ''In America, we don't burn churches, synagogues, or mosques, or let anyone who does, escape with impunity.''

Today, we have such a chance, because today, we take up a bill called the Church Arson Prevention Act.

We all know that this law will not bring these heinous crimes to a sudden halt. But this law will put the authority of Federal Government, the BATF and the FBI, into the investigation, prosecution, and punishment of every church that's burned.

This bill attempts to justify its purpose under the Interstate Commerce Clause, which I think is unnecessary. I think that under the 1st and 14th amendment, Congress not only has the power but the duty to prohibit any restraint on the free exercise of religion, and we not only have the power but a special duty to see that crimes of hate, aimed at African-Americans because of their race, are prosecuted and punished. And that is critically true when the hatred is visited on churches, the vital beating heart of African-American communities.

I feel certain that the Church Arson Prevention Act will pass this House overwhelmingly. But that is not enough. It must be backed by the unstinting authority of the Federal Government until every miscreant who would commit such a crime knows that he will be pursued relentlessly, prosecuted swiftly, and punished severely.

OUR NATURAL RESOURCES

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Florida [Mr. GOSS] is recognized during morning business for 5 minutes.

Mr. GOSS. Mr. Speaker, I want to talk about some good news today. Over the last 20 years, we in this country have made measurable good progress in protecting our natural resources. Our air and our water are cleaner than they were in the 1970's, and we have reversed the decline of several of the endangered species. This is a good record. It is an admirable record. We all know there are still many areas where Federal attention is required today, but we also know that you cannot write thousands and thousands of pages of Federal regulations without some problems developing along the way. It is just common sense to take a look at current regulations and decide what works and what does not and look for ways to make a cleaner, safer, healthier environment for everyone and at the same time, of course, excise those unworkable and

unfair regulations we have come to identify.

This 104th Congress has been perceived by some as being antiregulation. Perhaps the truth is that the 104th has opposed overregulation. I think to his very great credit, the Speaker has taken the lead and formed a task force on the environment. I am pleased with the Speaker's determination to pass responsible environmental legislation. I am, frankly, personally happy to be part of his effort. Although it is often lost in the rhetoric surrounding today's environmental debates, the Republican Party has a long tradition of conservation from Teddy Roosevelt, who created the first national wildlife refuge, to Richard Nixon, who created the Environmental Protection Agency. Many people have forgotten that.

Unfortunately, what often passes for debate on environmental issues in Congress and around the country is little more than a shouting match full of symbolism but actually lacking any real substance; sort of litmus test wars, as it were. If we are to make any real progress in resolving some of the difficulties associated with environmental protection, we need to set politics aside and have a reasoned discussion on the real issues. The Speaker's environmental task force has successfully identified several principles for such a debate in my view, principles that I think make good sense, we will all agree.

The first of these is that environmental decisions should be consensus based, made in consultation with the people whose homes, businesses, communities are directly affected. Bringing the opposing interests to the table early in the process provides us the opportunity to find a solution before the two sides become deadlocked in a meaningless fight. Environmental disputes routinely focus on health, public safety, and environmental protection against the question of jobs, economy, and private property rights. Obviously all of those things are important. If we get the parties talking to each other early, I believe we can make substantial progress in removing some of the conflict we see today.

Mr. Speaker, the second principle is greater. It is greater in a way that it involves State and local, our sister branches of government in the lower tiers. Having served as a mayor and a county commissioner before coming to Congress a few years ago, I know that the lower tiers mean the front lines where the people are, where what matters in our daily lives goes on. I know the importance of giving States and localities a real role in setting and enforcing environmental standards in their communities. The perspectives of local and State officials who are the people who make everyday land use decision, who deal with problems every day are invaluable in crafting environmental policies that actually work on the ground.

The time has come to end sort of the one-size-fits-all directives from Washington that really fail to recognize the obvious often overlooked fact that different communities have different needs. Alaska is different than Florida.

The last principle I will mention is providing positive incentives to encourage responsible stewardship of our natural resources. Whether we provide rewards such as tax credits, grant flexibility, and complying with regulations or offer marketing incentives, we should move away from the idea that environmental legislation always creates winners and losers. The simple fact is that we can achieve a balance that allows all sides to come away with something positive. All America and all Americans benefit when we do that.

I will end on what I hope is a high note and that is this. These principles are not just talk but are geared toward providing results, results that will help Florida, for instance, restore our Everglades, restore our beaches. Under the Interior appropriations bill, which just happens to be coming to the floor this week, Congress in fact is going to be taking responsible steps in both of these critical areas.

I believe in the end all parties to the environmental debate agree on the importance of safeguarding our natural resources. Hopefully we will see reasonable people from all sides embrace the principles we have laid out and help us in a bipartisan way achieve our goals.

□ 1315

AMERICAN PATENT PROTECTION BEING JEOPARDIZED

The SPEAKER pro tempore (Mr. STEARNS). Under a previous order of the House, the gentleman from California [Mr. ROHRABACHER] is recognized for 5 minutes.

Mr. ROHRABACHER. Mr. Speaker, I rise to warn my colleagues that powerful interest groups are involved in one of the most insidious attacks on the well-being of the American people that I have seen in my 8 years in Congress. It is an insidious attack because a decade from now, if these powerful interests succeed, America will have lost its competitive edge, the standard of living of our people will be in decline, and they will never know what hit them.

What is happening is an attack on America's ability to remain the number one technological power in the world. America has had the strongest patent system in the world. Our citizens have enjoyed patent protection that other citizens in other countries have not enjoyed. Thus, our inventors and investors in new innovation have given us technology that has provided the American people with a standard of living far beyond those overseas, and has permitted our people, even though they receive more money for their work, to outcompete people who receive less pay overseas.

The American people have enjoyed the technological lead that has given us the light bulb, the telegraph, the telephone, the reaper, the steamboat, and, yes, the airplane.

Today our standard of living is tied to technology and in the future will be tied even more to technology, but today we see our patent system, which has done so much for our people, under attack and targeted by powerful foreign interests and multinational corporations.

These powerful interests have already eliminated the guaranteed patent term of 17 years, which was the right of Americans for 130 years, and it was eliminated in an underhanded fashion by slipping it into the GATT implementation legislation, even though that change was not mandated by GATT itself.

Now for the knockout punch. We will soon have a bill come to the floor which will end patent protection in America as we know it. The bill, H.R. 3460, which I have labeled the Steal American Technologies Act, is really named the Moorhead-Schroeder Patent Act. This piece of legislation will demand, mandate, that every American inventor, when he applies for a patent, after 18 months, whether or not that patent has been issued or not, it will be published for the world to see. Every single detail of new American technology will be available to the world to steal. Every pirate in the world and the Asian market will be producing our technology before our patents are even issued.

It also eliminates the Patent Office itself, something that has been part of our Government since the Constitution, and replaces it with a corporatized Patent Office, meaning a semi-Government, semiprivate corporation, like the Post Office, which has very little of the congressional oversight that the current Patent Office has.

By the way, that same move strips patent examiners. These men and women who have dedicated their lives to making the judicial decisions as to who owns what technology, they will be stripped of their civil service protection, inviting corruption: First, publication of every last secret we have to the pirates of the world; second, stripping our patent examiners, our line of defense, against corruption, of their civil service protection.

Finally, this bill will offer rights to foreign corporations, as well as huge American multinational corporations, to challenge existing patents. Our technology even today will be under attack when the people from all over the world will be able to come in with huge finances and force our people to defend the patents that have already been granted them.

America's corporate giants, strangely enough, have signed on to this technological rip-off. First, they would like to rip off the little guy themselves without having pay royalties, and many of these giant corporations in our country have interlocking directorates and investors from all over the

world. They have signed on to destroying the American patent system as we have known it for the last 130 years.

This is truly a battle between the little guy and the big guy. H.R. 3460, the Steal American Technologies Act, is being pushed through the system by big business. Small business, the investors, the NIFB, colleges and universities that get monies from royalties from their own inventive processes, they are behind the Rohrabacher substitute for H.R. 3460.

This will be a battle that determines America's future, but the American people will have trouble understanding it. Let us hope they call their Congressman to let them know they will be watching and America's interests should be protected.

MSA'S PROVIDE FREE MARKET SOLUTION TO HEALTH CARE PROBLEMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona [Mr. SALMON] is recognized for 2 minutes.

Mr. SALMON. Mr. Speaker, since the start of the Clinton administration, our President has taken American workers for a rollercoaster ride when it comes to fundamental health care reform. Two years ago we faced the scary plan called Clinton Health Care, which basically was a system of socialized medicine. Clinton Care completely rejected the idea that free market reforms, not big government, centralized control, might be the way to bring health care costs into line, and it would have forced people into managed care.

Americans were confronted with this ridiculously complex plan that would have even further increased our citizens' dependence on the Federal Government and ultimately left our children with debt even worse than today's already unacceptable high levels.

Today in Congress we have a plan, a good plan, for health care reform. It does not call on the Federal Government to take over anything. Instead, we propose to fix our problems in a manner that befits our free market economy by empowering Americans to have more, not less, control over their health care. Our plan will let Americans take their health care insurance with them when they change jobs, limit exclusions for preexisting conditions, and, perhaps most importantly, give Americans the option to choose medical savings accounts, MSA's. Our plan believes in giving people, not bureaucrats, the power to make personal health care choices, but this plan is held hostage, day 57.

MSA's, which is a component of our health care reform plan, provide free market solutions to our health care problems. Because of the fundamental good sense MSA's make, we have more and more Democrat converts to this economically sound reform option.

While I would prefer to give the MSA option to all Americans, I recognize slow progress is better than no progress. Such is the nature of compromise. All in all, however, we in Congress have a solid reform plan, and I am proud of the spirit of bipartisanship that many have brought to this cause.

However, one more Democrat still has not joined us in this compromise, and that is President Clinton. His refusal to take it up has brought this reform to a halt. I call on the President in the spirit of bipartisan, working together for Americans on crucial, crucial health care reform, for all Americans, to stop this hostage taking of the health care reform plan, come on board, and do what is right for America.

RECESS

The SPEAKER pro tempore. There being no further requests for morning business, pursuant to clause 12, rule I, the House will stand in recess until 2 p.m.

Accordingly (at 1 o'clock and 23 minutes p.m.), the House stood in recess until 2 p.m.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. WELLER) at 2 p.m.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

May Your Spirit, O God, be with us all the day long and remain with us in our hopes and in our sorrows, in our dreams and in our defeats. Cause us never to forget Your heavenly vision and let us never walk away from the gifts of Your good grace. We know, gracious God, that Your Spirit is over all the world and given to every person and is present in our lives this day and every day, we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. 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 pro tempore. Will the gentleman from Ohio [Mr. CHABOT] come forward and lead the House in the Pledge of Allegiance.

Mr. CHABOT 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.

REPORT ON H.R. 3662, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

Mr. REGULA, from the Committee on Appropriations, submitted a privileged report (Rept. No. 104–625) on the bill (H.R. 3662) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore. All points of ordered are reserved on the bill.

HOW LONG WILL PRESIDENT CLINTON AND SENATOR KENNEDY STAND IN THE WAY?

(Mr. BOEHNER asked and was given permission to address the House for 1 minute.)

Mr. BOEHNER. Mr. Speaker, Republicans have a health care bill that ensures affordability, accessibility and ensures that preexisting conditions will not deny an individual health care coverage any longer. It makes health care more affordable to small businesses and to the self-employed and allows them to set up medical savings accounts. It allows tax deductions for long-term health care needs, and it fights fraud and abuse with tough new provisions.

Mr. Speaker there are only two people standing between the American people and more affordable and available health care, and that is President Bill Clinton and Senator TED KENNEDY, and, Mr. Speaker, how long will they stand in the way and deny the American people these much needed reforms?

VETERANS DESERVE MORE THAN HOLLOW PROMISES

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

Mr. FILNER. Mr. Speaker, our Nation's veterans are getting a raw deal. Last week the Republican budget conference approved a veterans budget $573 million below that recommended by President Clinton. Now the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations has recommended that the funding level recommended by President Clinton for veterans' employment services provided for disabled veterans outreach program specialists and local veterans employment representatives be cut by almost $12 million. As a result, 28,000 fewer veterans; that is, 28,000 fewer veterans, will be placed in jobs than proposed in the President's budget.

Additionally, the Republicans have recommended that the transition assistance program be terminated October 1. This successful program has

trained hundreds of thousands of men and women leaving our Armed Forces to find, and to find quickly, good permanent civilian jobs.

Mr. Speaker, the Republicans are anxious to spend billions of dollars on a dubious son of star wars program but are unwilling to provide the $2 million necessary to help veterans earn a living in their civilian communities. Let us hope the Committee on Appropriations restores this money. Veterans deserve more than hollow promises.

NO MFN FOR CHINA

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

Mr. FUNDERBURK. Mr. Speaker, dollar signs, business for some United States companies, trade and engagements; these seem to be the primary arguments for renewing MFN for Communist China.

Mr. Speaker, I remember in my youth reading ''The Odyssey,'' the story about the great Greek hero Odysseus and his trip home after the long Trojan War. In one of his adventures he guided his ship through the singing of the Sirens. He had to do this without meeting the same fate which lured all mariners and their ships to the rocky coast and disaster.

The modern-day lure of the songs of the Sirens is the China market. Like Odysseus of old, only President Reagan, unlike recent American Presidents, was able to resist this. He built the United States up from its self-imposed position of strategic weakness.

Let us do what is good for the American national interests and resist the modern sirens. Do not grant MFN for China, at least until Communist China starts to act more like a civilized nation in its treatment of its citizens.

CANCEL MFN FOR CHINA

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

Mr. TRAFICANT. Mr. Speaker, another last minute trade deal. The White House said China has voluntarily agreed to stop breaking international trade and copyright law.

Right.

Mr. Speaker, what does China have to do before the White House wakes up? Nuke Taiwan? Rape the Statute of Liberty?

I think the facts are now clear and evident. While China is kicking our assets all the way from Beijing to the east lawn, the White House keeps making another deal. I do not know if we elected Monte Hall or what here. In America the people govern.

Mr. Speaker, Congress should cancel most-favored-nation trade status pork for China. I yield back the balance of all jobs and money.

WE NEED TO KNOW WHY

(Mr. CHABOT asked and was given permission to address the House for 1 minute.)

Mr. CHABOT. Mr. Speaker, the White House has now released statements from some of the political operatives involved in pawing through the confidential FBI background files of hundreds of political opponents. Those declarations are more important for what they do not say than for what they do.

Craig Livingstone, the ex-bouncer and political hatchet man who is now being paid not to work, released his carefully lawyered statement saying that if he was asked to obtain FBI background files, and if he did obtain the files, and if he was asked to disseminate to other people the personal information that he learned from those files, and if he did give out that personal information to other people, well, then he did not do so for any purpose he thought was, quote, improper.

The statement of course does not say what he defines as improper.

The American people deserve to know exactly what happened and why. They deserve to know what the President means when he says that he takes full responsibility for this outrage, and we need to know why the President is treating Mr. Livingstone so very gentle.

REPUBLICANS REVERSE DEMOCRATIC DEFICIT REDUCTION

(Mr. BROWN of Ohio asked and was given permission to address the House for 1 minute.)

Mr. BROWN of Ohio. Mr. Speaker, here we go again. The same group that shut down the Government last winter has given us a budget that is way out of balance. The Gingrich Republican budget cuts Medicare, cuts Medicaid, increases by $12 billion the military budget, more than the Pentagon asked for, and increases taxes on people making $15,000 to $30,000 a year, at the same time swelling the budget deficit, all to give tax breaks to the richest people in this country.

Three years ago the budget deficit was $290 billion. This year we have got it down to $130 billion. We have cut it in half. Unfortunately, the Gingrich budget increases the budget deficit to $153 billion next year and a comparable amount the following year instead of bringing the budget deficit down. At the same time it cuts Medicare by $162 billion, it cuts Medicaid $72 billion, again all to give a tax break to the wealthiest people in this country.

Mr. Speaker, it simply does not make sense.

SUPPORT THE WORKER RIGHT TO KNOW ACT

(Mr. BALLENGER asked and was given permission to address the House for 1 minute.)

Mr. BALLENGER. Mr. Speaker, is it fair that any union member should automatically have money deducted from his or her paycheck to pay for political candidates or causes with which he or she disagrees? It is fair that a union member should have to battle his or her union in order to object to the union's spending of dues for political purposes? And, if he or she does object, is it fair that a union member be subjected to harassment from the union, or worse, the threat of losing his or her job? I certainly don't think so, and I would hope and expect that our colleagues on both sides of the aisle would feel the same way.

Mr. Speaker, the Worker Rights to Know Act will help instill some basic fairness to the process by which unions spend the hard earned money of their members. I urge my colleagues to support its passage.

ANOTHER REASON FOR DENYING MFN TO CHINA

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, as we go through the annual ritual of extending most-favored-nation trading status for China, yet another reason for denying MFN has come to light: China has become the major contributor to weapons proliferation and instability in Asia, with Pakistan being one of the major recipients of Chinese nuclear technology and delivery systems.

As was reported in the media last week, there is strong evidence from our own intelligence agencies that Pakistan has deployed nuclear-capable Chinese M–11 missiles, obtained through a secretive transfers that both countries have tried to cover up. Yet, incredibly, despite the overwhelming evidence, the administration seems unwilling to impose the tough economics that both nations clearly deserve.

Earlier this year, we failed to punish China or Pakistan for the transfer of 5,000 ring magnets, devices used for the production of weapons-grade enriched uranium. We also went ahead with the transfer of $368 million in United States conventional weapons to Pakistan.

Mr. Speaker, it's time to get tough with China, Pakistan, and other nations contributing to the spread of nuclear weapons. Denying MFN to China is an effective way to show that we're serious about nonproliferation.

OBSTRUCTIONIST LIBERALS HOLDING UP THE HEALTH COVERAGE AVAILABILITY AND AFFORDABILITY ACT

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

Mr. LEWIS of Kentucky. Mr. Speaker, last week, the House and Senate reached an agreement on a package of commonsense health care reforms. The

Health Coverage Availability and Affordability Act of 1996 ensures portability, it fights waste, fraud, and abuse, it cuts redtape and creates a medical savings account program to help the self-employed and employees of smaller businesses.

Mr. Speaker, this is a win-win situation for the American people. We emphasize people over bureaucracy, choice over centralization.

But, unfortunately, a small group of liberals in the other body have held up this commonsense legislation for 57 days. These liberals are holding out for the centralized Clinton Care that was rejected by Congress and the American people 2 years ago.

Mr. Speaker, we should break this logjam. Obstructionist liberals should end their campaign to take over the Nation's health care system.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair would remind all members it is not in order to cast reflections on the Senate or its Members, individually or collectively.

CONSTRUCTIVE ENGAGEMENT OR APPEASEMENT

(Mr. DEFAZIO asked and was given permission to address the House for 1 minute.)

Mr. DEFAZIO. Mr. Speaker, we are told that the United States of America is engaged in a policy of constructive engagement with the gerontocracy that runs China. We have just completed our second annual negotiations to allow the Chinese to continue to pirate over $2 billion a year in intellectual property rights from American companies. There is no change; they are still producing those disks today.

Yes, there was a little show of closing down a few, but that will not last. We are going to run a $41 billion deficit with China, the most unfair trading nation on Earth, the most protectionist society on Earth. That means, according to our own Commerce Department's numbers we are going to lose 800,000 jobs to the unfair trade practices of the People's Republic of China.

At some point the policy of constructive engagement starts to look an awful lot like appeasement, and we all know how effective the policy of appeasement was in dealing with Hitler's Third Reich.

ENDING HEALTH CARE REFORM GRIDLOCK

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

Mr. BARTLETT of Maryland. Mr. Speaker, the American people have two major concerns about their health care insurance. One is can they afford it; and, second, will they be able to take it with them when they have to move from one job to another?

First, the good news. A bipartisan majority in the House and the Senate supports passage of the Health Coverage Availability and Affordability Act, which addresses both of these problems. Now the bad news. One Member from the other side of the aisle in the other body is standing in the way because of his opposition to providing more Americans the option of choosing a medical savings account, or MSA, for their health insurance.

Dozens of companies and thousands of employees around the country have MSAs. They love MSA's for three reasons. MSA's give employees control over how their health care dollars are spent and make them careful but satisfied shoppers.

□ 1415

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

Mrs. SCHROEDER. Mr. Speaker, I thought the Chair had said that we could not impugn motives to Members of the other body.

The SPEAKER pro tempore (Mr. WELLER). The gentlewoman is correct. The Chair was attempting to ask the gentleman to suspend.

The Chair would ask that Members refrain from disparaging remarks about Members of the other body.

Mr. BARTLETT of Maryland. Mr. Speaker, I mentioned no specific Member of the other body.

Mr. Speaker, dozens of companies and thousands of employees around the country have MSA's. They love MSA's for three reasons: MSA's give employees control over how their health care dollars are spent and make them careful but satisfied shoppers. They provide them freedom from worry by eliminating out-of-pocket costs for those with chronic or catastrophic illnesses. MSA's save money for employees and for the companies. Americans want this kind of health care coverage. We should move to make it possible for them.

THE REPUBLICAN BUDGET DOES NOT REFLECT THE PRIORITIES OF MIDDLE AMERICA

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

Mr. MINGE. Mr. Speaker, despite the heated rhetoric surrounding the budget debate, the Republican budget passed last week. It will tragically increase the deficit from $130 billion to $153 billion. Just when most of us who are deeply committed to deficit reduction thought that we had the opportunity to address the budget in a forthright manner, we have been duped. If we have learned anything about the tragic budget debate of last year, we have learned that if it is going to succeed, the design and the details of the budget must reflect the priorities of modern Americans.

Middle America wants to see the deficit decreased. Middle America does not want to see education and health care programs cut while defense spending increases. Middle Americans are willing to share in the sacrifice necessary to balance the budget. Yes, most support tax cuts. So do I. However, we should not borrow money temporarily to pay for a tax cut if we are sacrificing the future of our children and grandchildren. We must be willing to set our priorities straight and make the tough choices necessary to balance the budget.

END THE APATHY AND THE POLICY OF APPEASEMENT TOWARD CHINA

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

Mr. STEARNS. Mr. Speaker, in 1980, China was first granted MFN status. Since then, very little has changed. In fact, it would be easy to argue that the situation has worsened. In the last 5 years, China has accumulated a $117 billion trade surplus with the United States, most of which is being used by the Chinese Government to build a war machine—a United States financed and outfitted Communist army.

Also troubling is the continued theft of American intellectual property rights. Even the Clinton administration has called the Chinese ''the most egregious violator of agreements intended to combat the piracy of American products.

Our apathy and appeasement have actually worsened our position as a trade partner and as a steward of democracy in one of the world's most volatile regions.

The House will soon vote to end China's privilege. We will soon have the opportunity to send a message to the world that America will not support a rogue nation. We cannot continue to ignore the truth' we must be proactive in changing China's policies.

THE 1996 CHICAGO BULLS MADE AMERICA PROUD

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

Mr. DURBIN. Mr. Speaker, let me join the chorus of Chicagoans, Illinoisans, and fans everywhere in saluting our world champion Chicago Bulls. The Seattle Supersonics were a worthy team, but 1996 was the year of the Bulls: a regular season record of 72 victories, a playoff record of 15 wins and 3 losses.

Why were they so successful? The greatest coach in the NBA, Phil Jackson, the man who proved that Zen can win; the greatest player in the history of the sport, Michael Jordan, whose athletic ability is only surpassed by his class; and a great team, with players

from Australia, Canada, Croatia, and Mars. The 1996 Chicago Bulls made America proud: four championships in 6 years, and more to come.

COMMENDING THE FEDERAL BUREAU OF INVESTIGATION FOR A JOB WELL DONE

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

Mr. OXLEY. Mr. Speaker, I rise to commend the Federal Bureau of Investigation and the Department of Justice for the peaceful resolution reached last Thursday in the armed standoff involving the so-called Montana Freemen who are charged with threatening public officials and other crimes.

The potential for violence was high throughout this confrontation. The fact that the suspects surrendered without a shot being fired speaks well of FBI negotiations and the reforms instituted at DOJ for dealing with such crisis situations.

I particularly note FBI Director Louis Freeh's personal oversight of the case and his determination to see the lessons of past standoffs institutionalized at the Bureau. Federal law enforcement is the target of a great deal of second-guessing when tragedies occur. They deserve recognition for their professionalism when a tense situation is resolved peacefully.

Mr. Speaker, not every warrant can be executed without incident. That goes with the turf. All the more reason to commend the FBI for a job well done.

IT IS NOT TOO LATE TO REVERSE THE ACTIONS OF LAST WEEK'S BUDGET VOTE AND STILL CONTINUE TO ATTACK THE DEFICIT

(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, it is not too late to reverse the actions of last week's budget vote and still continue to attack the deficit. I am very, very concerned that after 4 years of continuously declining deficit, we now see again in the chart that instead of continuing the trend to balance, we are going to borrow an additional $99 billion over the next 2 years in order to give ourselves a tax cut with borrowed money. That does not make sense.

Also when we look at the budget last week, and now we hear the discussions going on about whether we are going to combine welfare and Medicaid with a tax cut, we find we are postponing the difficult choices. The difficult cuts are going to be postponed until 2000, 2001, and 2002.

Mr. Speaker, please, let us reverse that. Let us get the House back in the same direction we were going in 4 consecutive years of the deficit coming down. Let us not give up now. Let us continue now with some good bipartisan support for deficit reduction and not increasing our Nation's debt.

URGING SUPPORT FOR COMMONSENSE HEALTH CARE REFORM

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

Mr. HASTERT. Mr. Speaker, the time for health care reform is at hand. Congress, for the first time, will deliver health care reform that will attack waste and fraud, make health care more affordable and make health care insurance more available for the American people.

The President has a simple choice. He can do what the American people want, and sign this very important reform package. Or he can work to derail this reform bill and please the left wing of his party.

According to press accounts, liberals in the Democrat caucus are deathly afraid of medical savings accounts, because it gives more power to families to make their own health care decisions.

These liberals want the Government to call the shots. They want Washington bureaucrats to decide what kind of health care families can or can't have.

Mr. Speaker, the American people want health care portability. They want to make health care insurance both available and affordable. And they want to get rid of the waste and fraud that every senior citizen knows is in the health care delivery system. And they want it now.

I urge my colleagues to support this commonsense reform.

VOTING ''NO'' ON MOST-FAVORED-NATION STATUS FOR CHINA

(Ms. PELOSI asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. PELOSI. Mr. Speaker, at the beginning of June the President asked for a special waiver in order to grant most-favored-nation status to China. The House will soon be taking up this vote. In the past, since the Tiananmen Square massacre, I have worked with our colleagues to try to shape a compromise measure. The actions on the part of the Chinese Government in terms of violation of trade proliferation and human rights have been so extreme that this year I am forced to vote no on MFN for China.

In terms of trade, the Chinese want favorable trade treatment for their products coming into the United States while having huge barriers to United States products going to China, to the tune of one-third of their exports coming to the United States and only 2 percent of United States exports being allowed into China.

In terms of proliferation, the Chinese are proliferating chemical, nuclear, and missile technologies to unsafe guarded countries like Iran and Pakistan, and all this money they earn from their missile sales and trade consolidates their power to allow them to continue to repress their people. Some will say that economic reform will lead to political reform. This has not been the case, even according to the Clinton administration's own country report.

REJECT MOST-FAVORED-NATION TRADING STATUS FOR CHINA'S DICTATORSHIP

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

Mr. ROHRBACHER. Mr. Speaker, we will be discussing most-favored-nation status for China. Of course, Communist China is one of the worst violators, if not the worst violator, of human rights in the world. If not one of the worst, it is the worst in terms of stealing American technology and intellectual property rights. It is the worst violator of our agreements to stop nuclear proliferation.

It is, of course, one of the most belligerent countries in the world toward its own neighbors. It is one of the worst protectionists. They have a totally unfair trading relationship with us, putting our people out of work, making tens of billions of dollars on that trading relationship. What do they do with those tens of billions of dollars? They are building up their military, plus they are bolstering their ability to copy our technology.

What more does it take before this administration and the powers that be in this country realize that we should not be treating Communist China, this horrible violator of human rights, as we do other democratic nations? If we believe in free trade, let us have free trade between free people, instead of bolstering dictatorships all over the world with these favorable trade agreements at the expense of the American people. No most-favored-nation status for this dictatorship.

NO SPECIAL TRADING PRIVILEGES TO THE BUTCHERS OF BEIJING

(Ms. KAPTUR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. KAPTUR. Mr. Speaker, today the House Committee on Ways and Means will vote to renew Chinese most-favored-nation status, which means our country will again grant China the same privileges in our market as we do to democratic states like England.

As the committee casts its vote, may I remind my esteemed colleagues of the Golden Rule: Free trade can only occur among free people. By any measure, China is not a nation of free people. Let me read from Amnesty International's report on China, and I quote: ''Torture remains endemic, causing

many deaths each year. The death penalty is used extensively and arbitrarily to instill fear. More people are executed every year in China than in all other countries combined.'' The list goes on and on: Forced abortions, repression of ethnic and religious groups, thousands of democracy activists jailed every year.

Given China's lack of basic human freedoms, it should come as no surprise that China does not have a free market. China remains one of the most closed markets in the world. Why should we be giving special privileges to the butchers of Beijing?

THREE RESPONSES

(Mr. WHITE asked and was given permission to address the House for 1 minute.)

Mr. WHITE. Mr. Speaker, I have sat in the Chamber today, and I have to respond to three things I have heard from the other side.

No. 1, on the budget, it is very interesting to hear people who have controlled the House for 40 years talk about how the Republican budget somehow is not serious about controlling the budget and getting the deficit under control. It is the only budget that is going to do that, and I think most of us know that.

No. 2, on health care, we have a good plan that we have agreed to. It gets costs under control for the first time. It is a plan that people should support.

No. 3, one of the most outrageous things I have heard on the House floor for a long time has to do with the Chicago Bulls. Sure, they played a good game. Sure, they are a good team. The fact is the Bulls were lucky. The Sonics will be back next year, and the Bulls had better be thankful there were not a few more games left this year, because they would have been in big trouble this year.

NO ONE OUT OF THE POOL

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, it is summertime. When most Americans hear ''Everybody in the pool,'' they think it is a great cry to join in the fun. But we have been hearing pleas for health care reform from the other side of the aisle, and they are absolutely right. We desperately need many of the provisions in that health care reform. What they forget to tell us is that the basic premise of a good insurance program is everybody stays in the pool, because we can only keep premiums down if everybody stays in the pool.

The other side forgets to tell us that they are only going to give us those reforms if they are allowed to drop a ladder in the pool. The name of that ladder is MSA. Meet MSA. Think MSA. It means ladder. It means if you are rich, you can get out of the pool. If you are healthy, you get out of the pool. Who do we leave in the pool? We are going to have a whole lot of reforms that are needed, but we are going to have premiums so high we will not be able to get there.

I think it is very important to have both sides of this issue, and ''Everybody in the pool'' better have a real meaning on this one.

□ 1430

REPUBLICANS INCREASE BUDGET DEFICIT

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, last week the Republican leadership twisted enough arms to pass their 1997 budget. And the result—broken arms and broken promises.

Two summers ago the Republicans unveiled their Contract With America amid much fanfare. The Republicans promised to—and I quote—''work to enact additional budget savings, beyond the budget cuts specifically included in the contract, to ensure that the Federal budget deficit will be less than it would have been without the enactment of these bills.'' Well—a lot has happened since then.

The budget passed by the Republicans last week—by their own admission—increases the deficit for the first time in 3 years. The Republicans have come to Washington and done exactly what they promised they would not do—increase the deficit.

I guess we now know for sure that the promises the Republican Party made to the American people aren't worth the paper they are written on.

SUPPORT CHURCH ARSON PREVENTION ACT OF 1996

(Mrs. KENNELLY asked and was given permission to address the House for 1 minute.)

Mrs. KENNELLY. Mr. Speaker, I rise today in support of the Church Arson Prevention Act of 1996. Our country has been experiencing a wave of church burnings, which so far has claimed the homes of 34 African-American congregations.

In the midst of the anger and sadness we feel at these events, it has been heartening to see thousands of Americans joining together to express their moral outrage. We understand that these churches are the hearts and souls of their communities. Striking at them is an assault on the very values that unite us as Americans.

But important as it is to speak out against these attacks, our voices alone may not be enough. We need something more. We need to put some teeth in the law. Today, with passage of this legislation, we take that step.

Let the commitment of this Congress be clear: We believe that those responsible for this epidemic of hate must be held responsible for their acts. passing this legislation will make that easier to accomplish, and I urge my colleagues to support this bill.

AN AMAZING TRICK

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

Mr. SABO. Mr. Speaker, this place always amazes me. Because of President Clinton's program, we had declining deficits for 4 years. Now we have the new Republican plan which amazingly increases the deficit in the next 2 fiscal years. But what is even more surprising is they not only manage to increase the deficit for the next 2 years but at the same time they manage to make devastating cuts in health programs for the vulnerable in our country, particularly for our seniors. There literally would be thousands of seniors, generally poor elderly women, who would see huge increases in their Medicare premiums and many other millions of Americans who would be subject to changes in Medicaid that would leave their health care in question.

Mr. Speaker, this is really an amazing trick. Two years of rising deficits and at the same time program cuts that devastate millions of Americans.

BEIJING'S RADIOACTIVE RACKETEERING

(Mr. MARKEY asked and was given permission to address the House for 1 minute.)

Mr. MARKEY. China is an atomic Al Capone with a radioactive racketeering rap sheet a mile long.

Each passing day brings new details about Beijing's illegal nuclear proliferation activities. China sold ring magnets to Pakistan that are important in the production of material for nuclear weapons. China sold cruise missiles to Iran which can be used to deliver nuclear weapons. China sold nuclear-capable M–11 missiles to Pakistan that now may be assembled and ready to go. Just last week, media reports indicated that the missiles were probably ready to be fitted with nuclear warheads.

Beijing's response to American inquiries about its illegal transfers can be summed up by 3 words: Obfuscate and proliferate.

China's rulers have provided plenty of well-timed nods, winks, private toasts, clarifications, and assurances. But they continue to sell sophisticated nuclear weapon-related equipment to the world's troublemakers.

If China wants to be the international Kmart for nuclear weapons, then the United States needs to tell them that they have to shop other places in this would if they want American goods.

NEW JERSEY'S NEW GENETIC ANTIDISCRIMINATION LEGISLATION

(Ms. SLAUGHTER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. SLAUGHTER. Mr. Speaker, I was pleased to read today that the New Jersey Legislature approved legislation to prohibit health insurance companies from discriminating against consumers based on their genetic information.

This bill was passed unanimously, showing the broad, bipartisan consensus on the need for the legislation.

On the Federal level, I have introduced comprehensive legislation to ban discrimination in health insurance.

No one, Mr. Speaker, should be punished for simply having the genes they inherited.

We are already hearing terrible stories about people denied coverage for genetic disorders because of preexisting conditions.

Our understanding of genetics and the role they play in disease are progressing at breakneck speed, especially through programs like the Human Genome Project.

We have identified genes associated with breast cancer, cystic fibrosis, Alzheimer's, and, most recently, skin cancer.

Our lives must keep pace to protect consumers from the abuse of personal information and that protection should be nationwide.

Therefore, I urge my colleagues to support H.R. 2847, cosponsored in the Senate by Senator SNOWE of Maine.

TOLL INCREASES IN CHURCH BURNINGS

(Mr. THOMPSON asked and was given permission to address the House for 1 minute.)

Mr. THOMPSON. Mr. Speaker, for 109 years the Mount Pleasant Missionary Baptist Church has served the people of the small rural town of Kossuth, MS. Today all that remains of that church and the Central Grove Baptist Church, another small black church barely 5 miles away, is ashes.

The members of these two churches awoke this morning to find their names added to the long toll of over 100 heartbroken congregations since 1991. Though they rise from their beds surrounded by ruins, the people of these two churches did not awake to defeat, but determination.

You see Mr. Speaker, these two Mississippi churches were built years ago with old bricks and wood by the sons and daughters of slaves. The structures may be burned, but their foundations were laid in the spirit of hope, and neither hatred nor evil has the power to destroy them forever. It is the spirit of these congregations that will rise, steeped in faith, to take up hammers and mortar to rebuild our churches.

Those of you who come in the dark shadows, beware.

TIME TO PASS HEALTH REFORM

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

Mr. GENE GREEN of Texas. Mr. Speaker, now that the leadership in the Senate has changed, we are beginning to see some real movement on the Kennedy-Kassebaum health care reform bill.

Unlike Bob Dole, the current majority leader in the Senate understands the urgency to bring this bill to a vote and is working toward an agreement.

For months and even years, Americans have been asking for portability in health insurance and coverage for preexisting conditions. But House Republicans have demanded the inclusion of full-fledged medical savings accounts, the so-called MSA's, malpractice reform and the taking away of State regulation over multiple employer welfare plans, or the MEWA's. That inclusion of issues will kill the bill.

Americans want the ability to take their insurance coverage with them when they change jobs and they want to be covered for preexisting conditions. The Kassebaum-Kennedy bill makes this possible. It is time to stop playing games with the American people and pass reasonable health care reform now.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. WELLER). Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken after debate has concluded on all motions to suspend the rules.

SECURITIES AMENDMENTS OF 1996

Mr. BLILEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3005) to amend the Federal securities laws in order to promote efficiency and capital formation in the financial markets, and to amend the Investment Company Act of 1940 to promote more efficient management of mutual funds, protect investors, and provide more effective and less burdensome regulation, as amended.

The Clerk read as follows:

H.R. 3005

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Securities Amendments of 1996''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—CAPITAL MARKETS DEREGULATION AND LIBERALIZATION

Sec. 101. Short title.
Sec. 102. Creation of national securities markets.
Sec. 103. Margin requirements.
Sec. 104. Prospectus delivery.
Sec. 105. Exemptive authority.
Sec. 106. Promotion of efficiency, competition, and capital formation.
Sec. 107. Privatization of EDGAR.
Sec. 108. Coordination of Examining Authorities.
Sec. 109. Foreign press conferences.
Sec. 110. Report on Trust Indenture Act of 1939.

TITLE II—INVESTMENT COMPANY ACT AMENDMENTS

Sec. 201. Short title.
Sec. 202. Funds of funds.
Sec. 203. Registration of securities.
Sec. 204. Investment company advertising prospectus.
Sec. 205. Variable insurance contracts.
Sec. 206. Reports to the Commission and shareholders.
Sec. 207. Books, records and inspections.
Sec. 208. Investment company names.
Sec. 209. Exceptions from definition of investment company.

TITLE III—SECURITIES AND EXCHANGE COMMISSION AUTHORIZATION

Sec. 301. Short title.
Sec. 302. Purposes.
Sec. 303. Authorization of appropriations.
Sec. 304. Registration fees.
Sec. 305. Transaction fees.
Sec. 306. Time for payment.
Sec. 307. Sense of the Congress concerning fees.

TITLE I—CAPITAL MARKETS DEREGULATION AND LIBERALIZATION

SEC. 101. SHORT TITLE.

This title may be cited as the ''Capital Markets Deregulation and Liberalization Act of 1996''.

SEC. 102. CREATION OF NATIONAL SECURITIES MARKETS.

(a) SECURITIES ACT OF 1933.—

(1) AMENDMENT.—Section 18 of the Securities Act of 1933 (15 U.S.C. 77r) is amended to read as follows:

''SEC. 18. EXEMPTION FROM STATE REGULATION OF SECURITIES OFFERINGS.

''(a) SCOPE OF EXEMPTION.—Except as otherwise provided in this section, no law, rule, regulation, or order, or other administrative action of any State or Territory of the United States, or the District of Columbia, or any political subdivision thereof—

''(1) requiring, or with respect to, registration or qualification of securities, or registration or qualification of securities transactions, shall directly or indirectly apply to a security that—

''(A) is a covered security; or

''(B) will be a covered security upon completion of the transaction;

''(2) shall directly or indirectly prohibit, limit, or impose conditions upon the use of—

''(A) with respect to a covered security described in subsection (b)(1) or (c)(1)—

''(i) any offering document that is prepared by the issuer; or

''(ii) any offering document that is not prepared by the issuer if such offering document is required to be and is filed with the Commission or any national securities organization registered under section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o-3);

''(B) with respect to a covered security described in paragraph (2), (3), or (4) of subsection (b), any offering document; or

''(C) any proxy statement, report to shareholders, or other disclosure document relating to a covered security or the issuer thereof that is required to be and is filed with the

Commission or any national securities organization registered under section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o-3); or

''(3) shall directly or indirectly prohibit, limit, or impose conditions, based on the merits of such offering or issuer, upon the offer or sale of any security described in paragraph (1).

''(b) COVERED SECURITIES.—For purposes of this section, the following are covered securities:

''(1) EXCLUSIVE FEDERAL REGISTRATION OF NATIONALLY TRADED SECURITIES.—A security is a covered security if such security is—

''(A) listed, or authorized for listing, on the New York Stock Exchange or the American Stock Exchange, or included or qualified for inclusion in the National Market System of the National Association of Securities Dealers Automated Quotation System (or any successor to such entities);

''(B) listed, or authorized for listing, on a national securities exchange (or tier or segment thereof) that has listing standards that the Commission determines by rule (on its own initiative or on the basis of a petition) are substantially similar to the listing standards applicable to securities described in subparagraph (A); or

''(C) is a security of the same issuer that is equal in seniority or senior to a security described in subparagraph (A) or (B).

''(2) EXCLUSIVE FEDERAL REGISTRATION OF INVESTMENT COMPANIES.—A security is a covered security if such security is a security issued by an investment company that is registered under the Investment Company Act of 1940 (15 U.S.C. 80a et seq.).

''(3) SALES TO QUALIFIED PURCHASERS.—A security is a covered security with respect to the offer or sale of the security to qualified purchasers, as defined by the Commission by rule. In prescribing such rule, the Commission may define qualified purchaser differently with respect to different categories of securities, consistent with the public interest and the protection of investors.

''(4) EXEMPTION IN CONNECTION WITH CERTAIN EXEMPT OFFERINGS.—A security is a covered security if—

''(A) the offer or sale of such security is exempt from registration under this title pursuant to section 4(1) or 4(3), and—

''(i) the issuer of such security files reports with the Commission pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)); or

''(ii) the issuer is exempt from filing such reports;

''(B) such security is exempt from registration under this title pursuant to section 4(4);

''(C) the offer or sale of such security is exempt from registration under this title pursuant to section 3(a), other than the offer or sale of a security that is exempt from such registration pursuant to paragraph (4) or (11) of such section, except that a municipal security that is exempt from such registration pursuant to paragraph (2) of such section is not a covered security with respect to the offer or sale of such security in the State in which the issuer of such security is located; or

''(D) the offer or sale of such security is exempt from registration under this title pursuant to Commission rule or regulation under section 4(2) of this title.

''(c) CONDITIONALLY COVERED SECURITIES.—

''(1) FEDERALLY REGISTERED OFFERINGS.—Subject to the limitations contained in paragraphs (2) and (3), a security is a covered security if—

''(A) the issuer of such security has (or will have upon conclusion of the transaction) total assets exceeding $10,000,000;

''(B) such security is the subject of a registration statement that is filed with the Commission pursuant to this title; and

''(C) the issuer files with such registration statement audited financial statements for each of the two most recent fiscal years of its operations ending before the filing of the registration statement.

''(2) LIMITATIONS FOR CERTAIN OFFERINGS.—Notwithstanding paragraph (1), a security is not a covered security if such security is—

''(A) a security of an issuer which is a blank check company (as defined in section 7(b) of this title), a partnership, a limited liability company, or a direct participation investment program;

''(B) a penny stock (as such term is defined in section 3(a)(51) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(51)); or

''(C) a security issued in an offering relating to a rollup transaction (as such term is defined in paragraphs (4) and (5) of section 14(h) of such Act (15 U.S.C. 78n(h)(4), (5)).

''(3) LIMITATIONS BASED ON MISCONDUCT.—Notwithstanding paragraph (1), a security is not a covered security—

''(A) with respect to any State, if the issuer, or a principal officer or principal shareholder thereof—

''(i) is subject to a statutory disqualification, as defined in subparagraph (A), (B), (C), or (D) of section 3(a)(39) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(39));

''(ii) has been convicted within 5 years prior to the offering of any felony under Federal or State law in connection with the offer, purchase, or sale of any security, or any felony under Federal or State law involving fraud or deceit; or

''(iii) is currently named in and subject to any order, judgment, or decree of any court of competent jurisdiction acting pursuant to Federal or State law temporarily or permanently restraining or enjoining such issuer, officer, or shareholder from engaging in or continuing any conduct or practice in connection with a security; or

''(B) with respect to a particular State, if the issuer, or a principal officer or principal shareholder thereof—

''(i) has filed a registration statement which is the subject of a currently effective stop order entered pursuant to that State's securities laws within 5 years prior to the offering;

''(ii) is currently named in and subject to any administrative enforcement order or judgment of that State's securities commission (or any agency or office performing like functions) entered within 5 years prior to the offering, or is currently named in and subject to any other administrative enforcement order or judgment of that State entered within 5 years prior to the offering that finds fraud or deceit; or

''(iii) is currently named in and subject to any administrative enforcement order or judgment of that State which prohibits or denies registration, or revokes the use of any exemption from registration, in connection with the offer, purchase, or sale of securities.

''(4) EXCEPTIONS TO LIMITATIONS.—

''(A) DEBT SECURITY EXEMPTION.—The limitations in paragraph (2)(A) shall not apply with respect to the debt securities of any issuer that is a partnership or limited liability company, provided that (i) the issuer is either a registered dealer or an affiliate of such a dealer, (ii) the issuer has, both before and after the offering, capital or equity (each computed in accordance with United States generally accepted accounting principles) of not less than $75,000,000, and (iii) if the issuer is not a registered dealer, such issuer does not use the proceeds of the offering primarily to fund the nonfinancial business of the issuer or any of its affiliates that are not registered dealers.

''(B) MISCONDUCT EXEMPTIONS.—The limitations in paragraph (3)(A) shall not apply if the Commission has exempted the subject person from the application of such paragraph by rule or order, and the limitations in paragraph (3)(B) shall not apply if the securities commission (or any agency or office performing like functions) of the affected State has exempted the subject person from the application of such paragraph by rule or order.

''(C) REASONABLE STEPS.—The provisions of paragraph (3) shall not apply if the issuer has taken reasonable steps to ascertain whether any principal officer or principal shareholder is subject to such paragraph, and such steps do not reveal a person who is subject to such paragraph. An issuer shall be considered to have taken reasonable steps if such issuer or its agent has conducted a search of any centralized data bases that the Commission may designate by rule, and has received an affidavit under oath by each such principal officer or principal shareholder stating that such officer or shareholder is not subject to the provisions of paragraph (3).

''(D) EFFECT OF LIMITATIONS ON REMEDIES.—Notwithstanding paragraph (3), an issuer shall not be subject to a right of rescission under State securities laws solely as a result of the operation of such paragraph.

''(5) NO EFFECT UNDER SUBSECTION (B).—No limitation under this subsection shall affect the treatment of a security that qualifies as a covered security under subsection (b).

''(d) PRESERVATION OF AUTHORITY.—

''(1) FRAUD AUTHORITY.—Consistent with this section, the securities commission (or any agency or office performing like functions) of any State or Territory of the United States, or the District of Columbia, shall retain jurisdiction under the laws of such State, Territory, or District to investigate and bring enforcement actions with respect to fraud or deceit in connection with securities or securities transactions.

''(2) PRESERVATION OF FILING REQUIREMENTS.—

''(A) NOTICE FILINGS PERMITTED.—Nothing contained in this section shall prohibit the securities commission (or any agency or office performing like functions) of any State or Territory of the United States, or the District of Columbia, from requiring the filing of any documents filed with the Commission pursuant to this title solely for notice purposes, together with any required fee.

''(B) PRESERVATION OF FEES.—Until otherwise provided by State law enacted after the date of enactment of the Securities Amendments of 1996, filing or registration fees with respect to securities or securities transactions may continue to be collected in amounts determined pursuant to State law as in effect on the day before such date.

''(C) FEES NOT PERMITTED ON LISTED SECURITIES.—Notwithstanding subparagraphs (A) and (B), no filing or fee may be required with respect to any security that is a covered security pursuant to subsection (b)(1) of this section, or will be such a covered security upon completion of the transaction, or is a security of the same issuer that is equal in seniority or senior to a security that is a covered security pursuant to such subsection.

''(3) ENFORCEMENT OF REQUIREMENTS.—Nothing in this section shall prohibit the securities commission (or any agency or office performing like functions) of any State or Territory of the United States, or the District of Columbia, from suspending the offer or sale of securities within such State, Territory, or District as a result of the failure to submit any filing or fee required under law and permitted under this section.

''(e) DEFINITIONS.—For purposes of this section:

''(1) PRINCIPAL OFFICER.—The term 'principal officer' means a director, chief executive officer, or chief financial officer of an issuer, or any other officer performing like functions.

''(2) PRINCIPAL SHAREHOLDER.—The term 'principal shareholder' means any person who is directly or indirectly the beneficial owner of more than 20 percent of any class of equity security of an issuer. When two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer, such syndicate or group shall be deemed a 'person' for purposes of this paragraph. In determining, for purposes of this paragraph, any percentage of a class of any security, such class shall be deemed to consist of the amount of the outstanding securities of such class, exclusive of any securities of such class held by or for the account of the issuer or a subsidiary of the issuer.

''(3) OFFERING DOCUMENT.—The term 'offering document' has the meaning given the term 'prospectus' by section 2(10), but without regard to the provisions of clauses (a) and (b) of such section, except that, with respect to a security described in subsection (b)(2) of this section, such term also includes a communication that is not deemed to offer such a security pursuant to a rule of the Commission.

''(4) PREPARED BY THE ISSUER.—Within 6 months after the date of enactment of the Securities Amendments of 1996, the Commission shall, by rule, define the term 'prepared by the issuer' for purposes of this section.''.

(2) STUDY OF UNIFORMITY.—The Securities Exchange Commission shall conduct a study after consultation with States, issuers, brokers, and dealers on the extent to which uniformity of State regulatory requirements for securities or securities transactions has been achieved for securities that are not covered securities (within the meaning of section 18 of the Securities Act of 1933 as amended by paragraph (1) of this subsection). Such study shall specifically focus on the impact of such uniformity or lack thereof on the cost of capital, innovation and technological development in securities markets, and duplicative regulation with respect to securities issuers (including small business), brokers, and dealers and the effect on investor protection. The Commission shall submit to the Congress a report on the results of such study within one year after the date of enactment of this Act.

(b) BROKER/DEALER REGULATION.—

(1) AMENDMENT.—Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o) is amended by adding at the end the following new subsection:

''(h) LIMITATIONS ON STATE LAW.—

''(1) CAPITAL, MARGIN, BOOKS AND RECORDS, BONDING, AND REPORTS.—No law, rule, regulation, or order, or other administrative action of any State or political subdivision thereof shall establish capital, custody, margin, financial responsibility, making and keeping records, bonding, or financial or operational reporting requirements for brokers, dealers, municipal securities dealers, government securities brokers, or government securities dealers that differ from, or are in addition to, the requirements in those areas established under this title. The Commission shall consult periodically the securities commissions (or any agency or office performing like functions) of the States concerning the adequacy of such requirements as established under this title.

''(2) EXEMPTION TO PERMIT SERVICE TO CUSTOMERS.—No law, rule, regulation, or order, or other administrative action of any State or political subdivision thereof shall require an associated person to register with such State prior to effecting a transaction described in paragraph (3) for a customer in such State if—

''(A) such transaction is effected on behalf of a customer that, for 30 days prior to the day of the transaction, maintains an account with the broker or dealer;

''(B) such associated person is not ineligible to register with such State for any reason other than such a transaction;

''(C) such associated person is registered with a registered securities association and at least one State; and

''(D) the broker or dealer with which such person is associated is registered with such State.

''(3) DESCRIBED TRANSACTIONS.—A transaction is described in this paragraph if—

''(A) such transaction is effected by an associated person (i) to which the customer was assigned for 14 days prior to the day of the transaction, and (ii) who is registered with a State in which the customer was a resident or was present for at least 30 consecutive days during the one-year period prior to the transaction; except that, if the customer is present in another State for 30 or more consecutive days or has permanently changed his or her residence to another State, such transaction is not described in this subparagraph unless the associated person files with such State an application for registration within 10 calendar days of the later of the date of the transaction or the date of the discovery of the presence of the customer in the State for 30 or more consecutive days or the change in the customer's residence;

''(B) the transaction is effected within the period beginning on the date on which such associated person files with the State in which the transaction is effected an application for registration and ending on the earlier of (i) 60 days after the date the application is filed, or (ii) the time at which such State notifies the associated person that it has denied the application for registration or has stayed the pendency of the application for cause; or

''(C) the transaction is one of 10 or fewer transactions in a calendar year (excluding any transactions described in subparagraph (A) or (B)) which the associated person effects in the States in which the associated person is not registered.

''(4) ALTERNATE ASSOCIATED PERSONS.—For purposes of paragraph (3)(A)(ii), each of up to 3 associated persons who are designated to effect transactions during the absence or unavailability of the principal associated person for a customer may be treated as an associated person to which such customer is assigned for purposes of such paragraph.''.

(2) STUDY.—Within 6 months after the date of enactment of this Act, the Commission, after consultation with registered securities associations, national securities exchanges, and States, shall conduct a study of—

(A) the impact of disparate State licensing requirements on associated persons of registered brokers or dealers; and

(B) methods for States to attain uniform licensing requirements for such persons.

(3) REPORT.—Within one year after the date of enactment of this Act, the Commission shall submit to the Congress a report on the study conducted under paragraph (2). Such report shall include recommendations concerning appropriate methods described in paragraph (2)(B), including any necessary legislative changes to implement such recommendations.

(4) TECHNICAL AMENDMENT.—Section 28(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78bb(a)) is amended by striking ''Nothing'' and inserting ''Except as otherwise specifically provided elsewhere in this title, nothing''.

SEC. 103. MARGIN REQUIREMENTS.

(a) MARGIN REQUIREMENTS.—

(1) EXTENSIONS OF CREDIT BY BROKER-DEALERS.—Section 7(c) of the Securities Exchange Act of 1934 (15 U.S.C. 78g(c)) is amended to read as follows:

''(c) UNLAWFUL CREDIT EXTENSION TO CUSTOMERS.—

''(1) PROHIBITION.—It shall be unlawful for any member of a national securities exchange or any broker or dealer, directly or indirectly, to extend or maintain credit or arrange for the extension or maintenance of credit to or for any customer—

''(A) on any security (other than an exempted security), in contravention of the rules and regulations which the Board of Governors of the Federal Reserve System shall prescribe under subsections (a) and (b) of this section;

''(B) without collateral or on any collateral other than securities, except in accordance with such rules and regulations as the Board of Governors of the Federal Reserve System may prescribe—

''(i) to permit under specified conditions and for a limited period any such member, broker, or dealer to maintain a credit initially extended in conformity with the rules and regulations of the Board of governors of the Federal Reserve System; and

''(ii) to permit the extension or maintenance of credit in cases where the extension or maintenance of credit is not for the purpose of purchasing or carrying securities or of evading or circumventing the provisions of subparagraph (A) of this paragraph.

''(2) EXCEPTION.—This subsection and the rules and regulations thereunder shall not apply to any credit extended, maintained, or arranged by a member of a national securities exchange or a broker or dealer to or for a member of a national securities exchange or a registered broker or dealer—

''(A) a substantial portion of whose business consists of transactions with persons other than brokers or dealers; or

''(B) to finance its activities as a market maker or an underwriter;

except that the Board of Governors of the Federal Reserve System may impose such rules and regulations, in whole or in part, on any credit otherwise exempted by this paragraph if it determines that such action is necessary or appropriate in the public interest or for the protection of investors.''.

(2) EXTENSIONS OF CREDIT BY OTHER LENDERS.—Section 7(d) of the Securities Exchange Act of 1934 (78 U.S.C. 78g(d)) is amended to read as follows:

''(d) UNLAWFUL CREDIT EXTENSION IN VIOLATION OF RULES AND REGULATIONS; EXCEPTION TO APPLICATION OF RULES, ETC.—

''(1) PROHIBITION.—It shall be unlawful for any person not subject to subsection (c) of this section to extend or maintain credit or to arrange for the extension or maintenance of credit for the purpose of purchasing or carrying any security, in contravention of such rules and regulations as the Board of Governors of the Federal Reserve System shall prescribe to prevent the excessive use of credit for the purchasing or carrying of or trading in securities in circumvention of the other provisions of this section. Such rules and regulations may impose upon all loans made for the purpose of purchasing or carrying securities limitations similar to those imposed upon members, brokers, or dealers by subsection (c) of this section and the rules and regulations thereunder.

''(2) EXCEPTIONS.—This subsection and the rules and regulations thereunder shall not apply to any credit extended, maintained, or arranged—

''(A) by a person not in the ordinary course of business;

''(B) on an exempted security;

''(C) to or for a member of a national securities exchange or a registered broker or dealer—

''(i) a substantial portion of whose business consists of transactions with persons other than brokers or dealers; or

''(ii) to finance its activities as a market maker or an underwriter;

''(D) by a bank on a security other than an equity security; or

''(E) as the Board of Governors of the Federal Reserve System shall, by such rules, regulations, or orders as it may deem necessary or appropriate in the public interest or for the protection of investors, exempt, either unconditionally or upon specified terms and conditions or for stated periods, from the operation of this subsection and the rules and regulations thereunder;

except that the Board of Governors of the Federal Reserve System may impose such rules and regulations, in whole or in part, on any credit otherwise exempted by subparagraph (C) of this paragraph if it determines that such action is necessary or appropriate in the public interest or for the protection of investors.''.

(b) BORROWING BY MEMBERS, BROKERS, AND DEALERS.—Section 8 of the Securities Exchange Act of 1934 (15 U.S.C. 78h) is amended—

(1) by striking subsection (a), and

(2) by redesignating subsections (b) and (c) as subsections (a) and (b), respectively.

SEC. 104. PROSPECTUS DELIVERY.

(a) REPORT ON ELECTRONIC DELIVERY.—Within six months after the date of enactment of this Act, the Commission shall report to Congress on the steps the Commission has taken, or anticipates taking, to facilitate the electronic delivery of prospectuses to institutional and other investors.

(b) REPORT ON ADVISORY COMMITTEE RECOMMENDATIONS.—Within one year after the date of enactment of this Act, the Commission shall report to Congress on the Commission's views on the recommendations of the Advisory Committee on Capital Formation, including any actions taken to implement the recommendations of the Advisory Committee.

SEC. 105. EXEMPTIVE AUTHORITY.

(a) GENERAL EXEMPTIVE AUTHORITY UNDER THE SECURITIES ACT OF 1933.—Title I of the Securities Act of 1933 (15 U.S.C. 77a et seq.) is amended by adding at the end the following new section:

''SEC. 28. GENERAL EXEMPTIVE AUTHORITY.

''The Commission, by rules and regulations, may conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision or provisions of this title or of any rule or regulation thereunder, to the extent that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.''.

(b) GENERAL EXEMPTIVE AUTHORITY UNDER THE SECURITIES EXCHANGE ACT OF 1934.—Title I of the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by adding at the end the following new section:

''SEC. 36. GENERAL EXEMPTIVE AUTHORITY.

''(a) AUTHORITY.—Except as provided in subsection (b) but notwithstanding any other provision of this title, the Commission, by rule, regulation, or order, may conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision or provisions of this title or of any rule or regulation thereunder, to the extent that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors. The Commission shall by rules and regulations determine the procedures under which an exemptive order under this section shall be granted and may, in its sole discretion, decline to entertain any application for an order of exemption under this section.

''(b) LIMITATION.—The Commission shall not exercise authority under this section to exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from section 15C of this title or the rules or regulations thereunder, or (for purposes of such section 15C or such rules or regulations) from the definitions in paragraphs (42) through (45) of section 3(a) of this title.''.

SEC. 106. PROMOTION OF EFFICIENCY, COMPETITION, AND CAPITAL FORMATION.

(a) SECURITIES ACT OF 1933.—Section 2 of the Securities Act of 1933 (15 U.S.C. 77b) is amended—

(1) by inserting ''(a) DEFINITIONS.—'' after ''SEC. 2.''; and

(2) by adding at the end the following new subsection:

''(b) CONSIDERATION OF PROMOTION OF EFFICIENCY, COMPETITION, AND CAPITAL FORMATION.—Whenever pursuant to this title the Commission is engaged in rulemaking and is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.''.

(b) SECURITIES EXCHANGE ACT of 1934.—Section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c) is amended by adding at the end the following new subsection:

''(f) CONSIDERATION OF PROMOTION OF EFFICIENCY, COMPETITION, AND CAPITAL FORMATION.—Whenever pursuant to this title the Commission is engaged in rulemaking, or in the review of a rule of a self-regulatory organization, and is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.''.

(c) INVESTMENT COMPANY ACT of 1940.—Section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a–2) is amended by adding at the end the following new subsection:

''(c) CONSIDERATION OF PROMOTION OF EFFICIENCY, COMPETITION, AND CAPITAL FORMATION.—Whenever pursuant to this title the Commission is engaged in rulemaking and is required to consider or determine whether an action is consistent with the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.''.

SEC. 107. PRIVATIZATION OF EDGAR.

(a) EXAMINATION.—The Securities and Exchange Commission shall examine proposals for the privatization of the EDGAR system. Such examination shall promote competition in the automation and rapid collection and dissemination of information required to be disclosed. Such examination shall include proposals that maintain free public access to data filings in the EDGAR system.

(b) REVIEW AND REPORT.—Within 180 days after the date of enactment of this Act, the Commission shall submit to the Congress a report on the examination under subsection (a). Such report shall include such recommendations for such legislative action as may be necessary to implement the proposal that the Commission determines most effectively achieves the objectives described in subsection (a).

SEC. 108. COORDINATION OF EXAMINING AUTHORITIES.

(a) AMENDMENTS.—Section 17 of the Securities Exchange Act of 1934 (15 U.S.C. 78q) is amended by adding at the end the following new subsection:

''(i) COORDINATION OF EXAMINING AUTHORITIES.—

''(1) ELIMINATION OF DUPLICATION.—The Commission and the examining authorities, through cooperation and coordination of examination and oversight as required by this subsection, shall eliminate any unnecessary and burdensome duplication in the examination process.

''(2) PLANNING CONFERENCES.—

''(A) The Commission and the examining authorities shall meet at least annually for a national general planning conference to discuss coordination of examination schedules and priorities and other areas of interest relevant to examination coordination and cooperation.

''(B) Within each geographic region designated by the Commission, the Commission and the relevant examining authorities shall meet at least annually for a regional planning conference to discuss examination schedules and priorities and other areas of related interest, and to encourage information-sharing and to avoid unnecessary duplication of examinations.

''(3) COORDINATION TRACKING SYSTEM FOR BROKER-DEALER EXAMINATIONS.—

''(A) The Commission and the examining authorities shall prepare, on a periodic basis in a uniform computerized format, information on registered broker and dealer examinations and shall submit such information to the Commission.

''(B) The Commission shall maintain a computerized database of consolidated examination information to be used for examination planning and scheduling and for monitoring coordination of registered broker and dealer examinations under this section.

''(4) COORDINATION OF EXAMINATIONS.—

''(A) The examining authorities shall share among themselves such information, including reports of examinations, customer complaint information, and other non-public regulatory information, as appropriate to foster a coordinated approach to regulatory oversight of registered brokers and dealers subject to examination by more than one examining authority.

''(B) To the extent practicable, the examining authorities shall assure that each registered broker and dealer subject to examination by more than one examining authority that requests a coordinated examination shall have all requested aspects of the examination conducted simultaneously and without duplication of the areas covered. The examining authorities shall also prepare an advance schedule of all such coordinated examinations.

''(5) PROHIBITED NON-COORDINATED EXAMINATIONS.—Any examining authority that does not participate in a coordinated examination pursuant to paragraph (4) of this subsection shall not conduct a routine examination other than a coordinated examination of that broker or dealer within 9 months of the conclusion of a scheduled coordinated examination.

''(6) EXAMINATIONS FOR CAUSE.—At any time, any examining authority may conduct an examination for cause of any broker or dealer subject to its jurisdiction.

''(7) BROKER-DEALER EXAMINATION EVALUATION PANEL.—The Commission shall establish an examination evaluation panel composed of representatives of registered brokers and dealers that are members of more than one self-regulatory organization that conducts routine examinations. Prior to each national general planning conference required by

paragraph (2)(A) of this subsection, the Commission shall convene the examination evaluation panel to review consolidated and statistical information on the coordination of examinations and information on examinations that are not coordinated, including the findings of Commission examiners on the effectiveness of the examining authorities in achieving coordinated examinations. The Commission shall present any findings and recommendations of the examination evaluation panel to the next meeting of the national general planning conference, and shall report back to the examination evaluation panel on the actions taken by the examining authorities regarding those findings and recommendations. The examination evaluation panel shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

''(8) REPORT TO CONGRESS.—Within one year after the date of enactment of this Act, the Commission shall report to the Congress on the progress it and the examining authorities have made in reducing duplication and improving coordination in registered broker and dealer examinations, and on the activities of the examination evaluation panel. Such report shall also indicate whether the Commission has identified additional redundancies that have failed to be addressed in the coordination of examining authorities, or any recommendations of the examination evaluation panel established under paragraph (7) of this subsection that have not been addressed by the examining authorities or the Commission.''.

(b) DEFINITION.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78e) is amended by adding at the end the following paragraph:

''(54) The term 'examining authority' means any self-regulatory organization registered with the Commission under this title (other than registered clearing agencies) with the authority to examine, inspect, and otherwise oversee the activities of a registered broker or dealer.''.

SEC. 109. FOREIGN PRESS CONFERENCES.

No later than one year after the date of enactment of this Act, the Commission shall adopt rules under the Securities Act of 1933 concerning the status under the registration provisions of the Securities Act of 1933 of foreign press conferences and foreign press releases by persons engaged in the offer and sale of securities.

SEC. 110. REPORT ON TRUST INDENTURE ACT OF 1939.

Within 6 months after the date of enactment of this Act, the Securities and Exchange Commission shall submit to the Congress a report on the benefits of, the continuing need for, and, if necessary, options for the modification or elimination of, the Trust Indenture Act of 1939 (15 U.S.C. 77aaa et seq.).

TITLE II—INVESTMENT COMPANY ACT AMENDMENTS

SEC. 201. SHORT TITLE.

This title may be cited as the ''Investment Company Act Amendments of 1996''.

SEC. 202. FUNDS OF FUNDS.

Section 12(d)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–12(d)(1)) is amended—

(1) in subparagraph (E)(iii)—

(A) by striking ''in the event such investment company is not a registered investment company,''; and

(B) by inserting ''in the event such investment company is not a registered investment company'' after ''(bb)'';

(2) by redesignating existing subparagraphs (G) and (H) as subparagraphs (H) and (I), respectively;

(3) by inserting after subparagraph (F) the following new subparagraph:

''(G) The provisions of this paragraph (1) shall not apply to securities of a registered open-end company (the 'acquired company') purchased or otherwise acquired by a registered open-end company (the 'acquiring company') if—

''(i) the acquired company and the acquiring company are part of the same group of investment companies;

''(ii) the securities of the acquired company, securities of other registered open-end companies that are part of the same group of investment companies, Government securities, and short-term paper are the only investments held by the acquiring company;

''(iii)(I) the acquiring company does not pay and is not assessed any charges or fees for distribution-related activities with respect to securities of the acquired company unless the acquiring company does not charge a sales load or other fees or charges for distribution-related activities; or

''(II) any sales loads and other distribution-related fees charged with respect to securities of the acquiring company, when aggregated with any sales load and distribution-related fees paid by the acquiring company with respect to securities of the acquired company, are not excessive under rules adopted pursuant to either section 22(b) or section 22(c) of this title by a securities association registered under section 15A of the Securities Exchange Act of 1934 or the Commission;

''(iv) the acquired company shall have a fundamental policy that prohibits it from acquiring any securities of registered open-end companies in reliance on this subparagraph or subparagraph (F) of this subsection; and

''(v) such acquisition is not in contravention of such rules and regulations as the Commission may from time to time prescribe with respect to acquisitions in accordance with this subparagraph as necessary and appropriate for the protection of investors.

For purposes of this subparagraph, a 'group of investment companies' shall mean any two or more registered investment companies that hold themselves out to investors as related companies for purposes of investment and investor services.''; and

(4) adding at the end the following new subparagraph:

''(J) The Commission, by rules and regulations upon its own motion or by order upon application, may conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions from any provisions of this subsection, if and to the extent such exemption is consistent with the public interest and the protection of investors.''.

SEC. 203. REGISTRATION OF SECURITIES.

(a) AMENDMENTS TO REGISTRATION STATEMENTS.—Section 24(e) of the Investment Company Act of 1940 (15 U.S.C. 80a–24(e)) is amended—

(1) by striking paragraphs (1) and (2);

(2) by redesignating paragraph (3) as subsection (e); and

(3) in subsection (e) (as so redesignated) by striking ''pursuant to this subsection or otherwise''.

(b) REGISTRATION OF INDEFINITE AMOUNT OF SECURITIES.—Section 24(f) of the Investment Company Act of 1940 (15 U.S.C. 80a–24(f)) is amended to read as follows:

''(f) REGISTRATION OF INDEFINITE AMOUNT OF SECURITIES.—

''(1) INDEFINITE REGISTRATION OF SECURITIES.—Upon the effectiveness of its registration statement under the Securities Act of 1933, a face-amount certificate company, open-end management company, or unit investment trust shall be deemed to have registered an indefinite amount of securities.

''(2) PAYMENT OF REGISTRATION FEES.—Within 90 days after the end of the company's fiscal year, the company shall pay a registration fee to the Commission, calculated in the manner specified in section 6(b) of the Securities Act of 1933, based on the aggregate sales price for which its securities (including, for this purpose, all securities issued pursuant to a dividend reinvestment plan) were sold pursuant to a registration of an indefinite amount of securities under this subsection during the company's previous fiscal year reduced by—

''(A) the aggregate redemption or repurchase price of the securities of the company during that year, and

''(B) the aggregate redemption or repurchase price of the securities of the company during any prior fiscal year ending not more than 1 year before the date of enactment of the Investment Company Act Amendments of 1996 that were not used previously by the company to reduce fees payable under this section.

''(3) INTEREST DUE ON LATE PAYMENT.—A company paying the fee or any portion thereof more than 90 days after the end of the company's fiscal year shall pay to the Commission interest on unpaid amounts, compounded daily, at the underpayment rate established by the Secretary of the Treasury pursuant to section 3717(a) of title 31, United States Code. The payment of interest pursuant to the requirement of this paragraph shall not preclude the Commission from bringing an action to enforce the requirements of paragraph (2) of this subsection.

''(4) RULEMAKING AUTHORITY.—The Commission may adopt rules and regulations to implement the provisions of this subsection.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective 6 months after the date of enactment of this Act or on such earlier date as the Commission may specify by rule.

SEC. 204. INVESTMENT COMPANY ADVERTISING PROSPECTUS.

Section 24 of the Investment Company Act of 1940 (15 U.S.C. 80a–24) is amended by adding at the end the following new subsection:

''(g) In addition to the prospectuses permitted or required in section 10 of the Securities Act of 1933, the Commission shall permit, by rules or regulations deemed necessary or appropriate in the public interest or for the protection of investors, the use of a prospectus for the purposes of section 5(b)(1) of such Act with respect to securities issued by a registered investment company. Such a prospectus, which may include information the substance of which is not included in the prospectus specified in section 10(a) of the Securities Act of 1933, shall be deemed to be permitted by section 10(b) of such Act.''.

SEC. 205. VARIABLE INSURANCE CONTRACTS.

(a) UNIT INVESTMENT TRUST TREATMENT.—Section 26 of the Investment Company Act of 1940 (15 U.S.C. 80a–26) is amended by adding at the end the following new subsection:

''(e)(1) Subsection (a) shall not apply to any registered separate account funding variable insurance contracts, or to the sponsoring insurance company and principal underwriter of such account.

''(2) It shall be unlawful for any registered separate account funding variable insurance contracts, or for the sponsoring insurance company of such account, to sell any such contract, unless—

''(A) the fees and charges deducted under the contract in the aggregate are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by the insurance company, and the insurance company so represents in the registration statement for the contract; and

''(B) the insurance company (i) complies with all other applicable provisions of this section as if it were a trustee or custodian of the registered separate account; (ii) files with the insurance regulatory authority of a State an annual statement of its financial condition, which most recent statement indicates that it has a combined capital and surplus, if a stock company, or an unassigned surplus, if a mutual company, of not less than $1,000,000, or such other amount as the Commission may from time to time prescribe by rule as necessary or appropriate in the public interest or for the protection of investors; and (iii) together with its registered separate accounts, is supervised and examined periodically by the insurance authority of such State.

''(3) The Commission may adopt such rules and regulations under paragraph (2)(A) as it determines are necessary or appropriate in the public interest or for the protection of investors. For the purposes of such paragraph, the fees and charges deducted under the contract shall include all fees and charges imposed for any purpose and in any manner.''.

(b) PERIODIC PAYMENT PLAN TREATMENT.—Section 27 of such Act (15 U.S.C. 80a–27) is amended by adding at the end the following new subsection:

''(i)(1) This section shall not apply to any registered separate account funding variable insurance contracts, or to the sponsoring insurance company and principal underwriter of such account, except as provided in paragraph (2).

''(2) It shall be unlawful for any registered separate account funding variable insurance contracts, or for the sponsoring insurance company of such account, to sell any such contract unless (A) such contract is a redeemable security, and (B) the insurance company complies with section 26(e) and any rules or regulations adopted by the Commission thereunder.''.

SEC. 206. REPORTS TO THE COMMISSION AND SHAREHOLDERS.

Section 30 of the Investment Company Act of 1940 (15 U.S.C. 80a–29) is amended—

(1) by striking paragraph (1) of subsection (b) and inserting the following:

''(1) such information, documents, and reports (other than financial statements), as the Commission may require to keep reasonably current the information and documents contained in the registration statement of such company filed under this title; and'';

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (d), (e), (g), and (h), respectively;

(3) by inserting after subsection (b) the following new subsection:

''(c) In exercising its authority under subsection (b)(1) to require the filing of information, documents, and reports on a basis more frequently than semi-annually, the Commission shall take such steps as it deems necessary or appropriate, consistent with the public interest and the protection of investors, to avoid unnecessary reporting by, and minimize the compliance burdens on, registered investment companies and their affiliated persons. Such steps shall include considering and requesting public comment on—

''(1) feasible alternatives that minimize the reporting burdens on registered investment companies; and

''(2) the utility of such information, documents, and reports to the Commission in relation to the costs to registered investment companies and their affiliated persons of providing such information, documents, and reports.'';

(4) by inserting after subsection (e) (as redesignated by paragraph (2) of this section) the following new subsection:

''(f) The Commission may by rule require that semi-annual reports containing the information set forth in subsection (e) include such other information as the Commission deems necessary or appropriate in the public interest or for the protection of investors. In exercising its authority under this subsection, the Commission shall take such steps as it deems necessary or appropriate, consistent with the public interest and the protection of investors, to avoid unnecessary reporting by, and minimize the compliance burdens on, registered investment companies and their affiliated persons. Such steps shall include considering and requesting public comment on—

''(1) feasible alternatives that minimize the reporting burdens on registered investment companies; and

''(2) the utility of such information to shareholders in relation to the costs to registered investment companies and their affiliated persons of providing such information to shareholders.''; and

(5) in subsection (g) (as so redesignated) by striking ''subsections (a) and (d)'' and inserting ''subsections (a) and (e)''.

SEC. 207. BOOKS, RECORDS AND INSPECTIONS.

Section 31 of the Investment Company Act of 1940 (15 U.S.C. 80a–30) is amended—

(1) by striking subsections (a) and (b) and inserting the following:

''(a) Every registered investment company, and every underwriter, broker, dealer, or investment adviser that is a majority-owned subsidiary of such a company, shall maintain and preserve such records (as defined in section 3(a)(37) of the Securities Exchange Act of 1934) for such period or periods as the Commission, by rules and regulations, may prescribe as necessary or appropriate in the public interest or for the protection of investors. Every investment adviser not a majority-owned subsidiary of, and every depositor of any registered investment company, and every principal underwriter for any registered investment company other than a closed-end company, shall maintain and preserve for such period or periods as the Commission shall prescribe by rules and regulations, such records as are necessary or appropriate to record such person's transactions with such registered company. In exercising its authority under this subsection, the Commission shall take such steps as it deems necessary or appropriate, consistent with the public interest and for the protection of investors, to avoid unnecessary recordkeeping by, and minimize the compliance burden on, persons required to maintain records under this subsection (hereinafter in this section referred to as 'subject persons'). Such steps shall include considering, and requesting public comment on—

''(1) feasible alternatives that minimize the recordkeeping burdens on subject persons;

''(2) the necessity of such records in view of the public benefits derived from the independent scrutiny of such records through Commission examination;

''(3) the costs associated with maintaining the information that would be required to be reflected in such records; and

''(4) the effects that a proposed recordkeeping requirement would have on internal compliance policies and procedures.

''(b) All records required to be maintained and preserved in accordance with subsection (a) of this section shall be subject at any time and from time to time to such reasonable periodic, special, and other examinations by the Commission, or any member or representative thereof, as the Commission may prescribe. For purposes of such examinations, any subject person shall make available to the Commission or its representatives any copies or extracts from such records as may be prepared without undue effort, expense, or delay as the Commission or its representatives may reasonably request. The Commission shall exercise its authority under this subsection with due regard for the benefits of internal compliance policies and procedures and the effective implementation and operation thereof.'';

(2) by redesignating existing subsections (c) and (d) as subsections (e) and (f), respectively; and

(3) by inserting after subsection (b) the following new subsections:

''(c) Notwithstanding any other provision of law, the Commission shall not be compelled to disclose any internal compliance or audit records, or information contained therein, provided to the Commission under this section. Nothing in this subsection shall authorize the Commission to withhold information from Congress or prevent the Commission from complying with a request for information from any other Federal department or agency requesting the information for purposes within the scope of its jurisdiction, or complying with an order of a court of the United States in an action brought by the United States or the Commission. For purposes of section 552 of title 5, United States Code, this section shall be considered a statute described in subsection (b)(3)(B) of such section 552.

''(d) For purposes of this section—

''(1) 'internal compliance policies and procedures' means policies and procedures designed by subject persons to promote compliance with the Federal securities laws; and

''(2) 'internal compliance and audit record' means any record prepared by a subject person in accordance with internal compliance policies and procedures.''.

SEC. 208. INVESTMENT COMPANY NAMES.

Section 35(d) of the Investment Company Act of 1940 (15 U.S.C. 80a–34(d)) is amended to read as follows:

''(d) It shall be unlawful for any registered investment company to adopt as a part of the name or title of such company, or of any securities of which it is the issuer, any word or words that the Commission finds are materially deceptive or misleading. The Commission is authorized, by rule, regulation, or order, to define such names or titles as are materially deceptive or misleading.''.

SEC. 209. EXCEPTIONS FROM DEFINITION OF INVESTMENT COMPANY.

(a) AMENDMENTS.—Section 3(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)) is amended—

(1) in paragraph (1), by inserting after the first sentence the following new sentence: ''Such issuer nonetheless is deemed to be an investment company for purposes of the limitations set forth in section 12(d)(1)(A)(i) and (B)(i) governing the purchase or other acquisition by such issuer of any security issued by any registered investment company and the sale of any security issued by any registered open-end company to any such issuer.'';

(2) in subparagraph (A) of paragraph (1)—

(A) by inserting after ''issuer,'' the first place it appears the following: ''and is or, but for the exception in this paragraph or paragraph (7), would be an investment company,''; and

(B) by striking all that follows ''(other than short-term paper)'' and inserting a period;

(3) in paragraph (2)—

(A) by striking ''and acting as broker,'' and inserting ''acting as broker, and acting as market intermediary,''; and

(B) by adding at the end of such paragraph the following new sentences: ''For the purposes of this paragraph, the term 'market

intermediary' means any person that regularly holds itself out as being willing contemporaneously to engage in, and is regularly engaged in the business of entering into, transactions on both sides of the market for a financial contract or one or more such financial contracts. For purposes of the preceding sentence, the term 'financial contract' means any arrangement that (A) takes the form of an individually negotiated contract, agreement, or option to buy, sell, lend, swap, or repurchase, or other similar individually negotiated transaction commonly entered into by participants in the financial markets; (B) is in respect of securities, commodities, currencies, interest or other rates, other measures of value, or any other financial or economic interest similar in purpose or function to any of the foregoing; and (C) is entered into in response to a request from a counterparty for a quotation or is otherwise entered into and structured to accommodate the objectives of the counterparty to such arrangement.''; and

(4) by striking paragraph (7) and inserting the following:

''(7)(A) Any issuer (i) whose outstanding securities are owned exclusively by persons who, at the time of acquisition of such securities, are qualified purchasers, and (ii) who is not making and does not presently propose to make a public offering of such securities. Securities that are owned by persons who received the securities from a qualified purchaser as a gift or bequest, or where the transfer was caused by legal separation, divorce, death, or other involuntary event, shall be deemed to be owned by a qualified purchaser, subject to such rules, regulations, and orders as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

''(B) Notwithstanding subparagraph (A), an issuer is within the exception provided by this paragraph if—

''(i) in addition to qualified purchasers, its outstanding securities are beneficially owned by not more than 100 persons who are not qualified purchasers if (I) such persons acquired such securities on or before December 31, 1995, and (II) at the time such securities were acquired by such persons, the issuer was excepted by paragraph (1) of this subsection; and

''(ii) prior to availing itself of the exception provided by this paragraph—

''(I) such issuer has disclosed to such persons that future investors will be limited to qualified purchasers, and that ownership in such issuer is no longer limited to not more than 100 persons, and

''(II) concurrently with or after such disclosure, such issuer has provided such persons with a reasonable opportunity to redeem any part or all of their interests in the issuer for their proportionate share of the issuer's current net assets, or the cash equivalent thereof.

''(C) An issuer that is excepted under this paragraph shall nonetheless be deemed to be an investment company for purposes of the limitations set forth in section 12(d)(1)(A)(i) and (B)(i) governing the purchase or other acquisition by such issuer of any security issued by any registered investment company and the sale of any security issued by any registered open-end company to any such issuer.

''(D) For purposes of determining compliance with this paragraph and paragraph (1) of this subsection, an issuer that is otherwise excepted under this paragraph and an issuer that is otherwise excepted under paragraph (1) shall not be treated by the Commission as being a single issuer for purposes of determining whether the outstanding securities of the issuer excepted under paragraph (1) are beneficially owned by not more than 100 persons or whether the outstanding securities of the issuer excepted under this paragraph are owned by persons that are not qualified purchasers. Nothing in this provision shall be deemed to establish that a person is a bona fide qualified purchaser for purposes of this paragraph or a bona fide beneficial owner for purposes of paragraph (1) of this subsection.''.

(b) DEFINITION OF QUALIFIED PURCHASER.—Section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)) is amended by inserting after paragraph (50) the following new paragraph:

''(51) 'Qualified purchaser' means—

''(A) any natural person who owns at least $10,000,000 in securities of issuers that are not controlled by such person, except that securities of such a controlled issuer may be counted toward such amount if such issuer is, or but for the exception in paragraph (1) or (7) of section 3(c) would be, an investment company;

''(B) any trust not formed for the specific purpose of acquiring the securities offered, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a person described in subparagraph (A) or (C); or

''(C) any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than $100,000,000 in securities of issuers that are not affiliated persons (as defined in paragraph (3)(C) of this subsection) of such person, except that securities of such an affiliated person issuer may be counted toward such amount if such issuer is, or but for the exception in paragraph (1) or (7) of section 3(c) would be, an investment company.

The Commission may adopt such rules and regulations governing the persons and trusts specified in subparagraphs (A), (B), and (C) of this paragraph as it determines are necessary or appropriate in the public interest and for the protection of investors.''.

(c) CONFORMING AMENDMENT.—The last sentence of section 3(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(a)) is amended—

(1) by inserting ''(i)'' after ''of the owner''; and

(2) by inserting before the period the following: '', and (ii) which are not relying on the exception from the definition of investment company in subsection (c)(1) or (c)(7) of this section''.

(d) RULEMAKING REQUIRED.—

(1) IMPLEMENTATION OF SECTION 3(C)(1)(B).—Within one year after the date of enactment of this Act, the Commission shall prescribe rules to implement the requirements of section 3(c)(1)(B) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(1)(B)).

(2) EMPLOYEE EXCEPTION.—Within one year after the date of enactment of this Act, the Commission shall prescribe rules pursuant to its authority under section 6 of the Investment Company Act of 1940 (15 U.S.C. 80a–6) to permit the ownership by knowledgeable employees of an issuer or an affiliated person of the issuer of the securities of that issuer or affiliated person without loss of the issuer's exception under section 3(c)(1) or 3(c)(7) of such Act from treatment as an investment company under such Act.

TITLE III—SECURITIES AND EXCHANGE COMMISSION AUTHORIZATION

SEC. 301. SHORT TITLE.

This title may be cited as the ''Securities and Exchange Commission Authorization Act of 1996''.

SEC. 302. PURPOSES.

The purposes of this title are—

(1) to authorize appropriations for the Securities and Exchange Commission for fiscal year 1997; and

(2) to reduce over time the rates of fees charged under the Federal securities laws.

SEC. 303. AUTHORIZATION OF APPROPRIATIONS.

Section 35 of the Securities Exchange Act of 1934 is amended to read as follows:

''SEC. 35. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out the functions, powers, and duties of the Commission $317,000,000 for fiscal year 1997.''.

SEC. 304. REGISTRATION FEES.

Section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)) is amended to read as follows:

''(b) REGISTRATION FEE.—

''(1) RECOVERY OF COST OF SERVICES.—The Commission shall, in accordance with this subsection, collect registration fees that are designed to recover the costs to the government of the securities registration process, and costs related to such process, including enforcement activities, policy and rulemaking activities, administration, legal services, and international regulatory activities.

''(2) FEE PAYMENT REQUIRED.—At the time of filing a registration statement, the applicant shall pay to the Commission a fee that shall be equal to the sum of the amounts (if any) determined under the rates established by paragraphs (3) and (4). The Commission shall publish in the Federal Register notices of the fee rates applicable under this section for each fiscal year. In no case shall the fee required by this subsection be less than $200, except that during fiscal year 2002 or any succeeding fiscal year such minimum fee shall be $182.

''(3) GENERAL REVENUE FEES.—The rate determined under this paragraph is a rate equal to $200 for each $1,000,000 of the maximum aggregate price at which such securities are proposed to be offered, except that during fiscal year 2002 and any succeeding fiscal year such rate is equal to $182 for each $1,000,000 of the maximum aggregate price at which such securities are proposed to be offered. Fees collected during any fiscal year pursuant to this paragraph shall be deposited and credited as general revenues of the Treasury.

''(4) OFFSETTING COLLECTION FEES.—

''(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the rate determined under this paragraph is a rate equal to the following amount for each $1,000,000 of the maximum aggregate price at which such securities are proposed to be offered:

''(i) $103 during fiscal year 1997;

''(ii) $70 during fiscal year 1998;

''(iii) $38 during fiscal year 1999;

''(iv) $17 during fiscal year 2000; and

''(v) $0 during fiscal year 2001 or any succeeding fiscal year.

''(B) LIMITATION; DEPOSIT.—Except as provided in subparagraph (C), no amounts shall be collected pursuant to this paragraph (4) for any fiscal year except to the extent provided in advance in appropriations acts. Fees collected during any fiscal year pursuant to this paragraph shall be deposited and credited as offsetting collections in accordance with appropriations Acts.

''(C) LAPSE OF APPROPRIATIONS.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this paragraph at the rate in effect during the preceding fiscal year, until such a regular appropriation is enacted.''.

SEC. 305. TRANSACTION FEES.

(a) AMENDMENT.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended to read as follows:

"SEC. 31. TRANSACTION FEES.

''(a) RECOVERY OF COST OF SERVICES.—The Commission shall, in accordance with this subsection, collect transaction fees that are designed to recover the costs to the Government of the supervision and regulation of securities markets and securities professionals, and costs related to such supervision and regulation, including enforcement activities, policy and rulemaking activities, administration, legal services, and international regulatory activities.

''(b) EXCHANGE-TRADED SECURITIES.—Every national securities exchange shall pay to the Commission a fee at a rate equal to $33 for each $1,000,000 of the aggregate dollar amount of sales of securities (other than bonds, debentures, and other evidences of indebtedness) transacted on such national securities exchange, except that for fiscal year 2002 or any succeeding fiscal year such rate shall be equal to $25 for each $1,000,000 of such aggregate dollar amount of sales. Fees collected pursuant to this subsection shall be deposited and collected as general revenue of the Treasury.

''(c) OFF-EXCHANGE-TRADES OF EXCHANGE REGISTERED SECURITIES.—Every national securities association shall pay to the Commission a fee at a rate equal $33 for each $1,000,000 of the aggregate dollar amount of sales transacted by or through any member of such association otherwise than on a national securities exchange of securities registered on such an exchange (other than bonds, debentures, and other evidences of indebtedness), except that for fiscal year 2002 or any succeeding fiscal year such rate shall be equal to $25 for each $1,000,000 of such aggregate dollar amount of sales. Fees collected pursuant to this subsection shall be deposited and collected as general revenue of the Treasury.

''(d) OFF-EXCHANGE-TRADES OF LAST-SALE-REPORTED SECURITIES.—

''(1) COVERED TRANSACTIONS.—Every national securities association shall pay to the Commission a fee at a rate equal to the dollar amount determined under paragraph (2) for each $1,000,000 of the aggregate dollar amount of sales transacted by or through any member of such association otherwise than on a national securities exchange of securities (other than bonds, debentures, and other evidences of indebtedness) subject to prompt last sale reporting pursuant to the rules of the Commission or a registered national securities association, excluding any sales for which a fee is paid under subsection (c).

''(2) FEE RATES.—Except as provided in paragraph (4), the dollar amount determined under this paragraph is—

''(A) $12 for fiscal year 1997;

''(B) $14 for fiscal year 1998;

''(C) $17 for fiscal year 1999;

''(D) $18 for fiscal year 2000;

''(E) $20 for fiscal year 2001; and

''(F) $25 for fiscal year 2002 or for any succeeding fiscal year.

''(3) LIMITATION; DEPOSIT OF FEES.—Except as provided in paragraph (4), no amounts shall be collected pursuant to this subsection (d) for any fiscal year beginning before October 1, 2001, except to the extent provided in advance in appropriations Acts. Fees collected during any such fiscal year pursuant to this subsection shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, except that any amounts in excess of the following amounts (and any amount collected for fiscal years beginning on or after October 1, 2001) shall be deposited and credited as general revenues of the Treasury:

''(A) $20,000,000 for fiscal year 1997;

''(B) $26,000,000 for fiscal year 1998;

''(C) $32,000,000 for fiscal year 1999;

''(D) $32,000,000 for fiscal year 2000;

''(E) $32,000,000 for fiscal year 2001; and

''(F) $0 for fiscal year 2002 and any succeeding fiscal year.

''(4) LAPSE OF APPROPRIATIONS.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until such a regular appropriation is enacted.

''(e) DATES FOR PAYMENT OF FEES.—The fees required by subsections (b), (c), and (d) of this section shall be paid—

''(1) on or before March 15, with respect to transactions and sales occurring during the period beginning on the preceding September 1 and ending at the close of the preceding December 31; and

''(2) on or before September 30, with respect to transactions and sales occurring during the period beginning on the preceding January 1 and ending at the close of the preceding August 31.

''(f) EXEMPTIONS.—The Commission, by rule, may exempt any sale of securities or any class of sales of securities from any fee imposed by this section, if the Commission finds that such exemption is consistent with the public interest, the equal regulation of markets and brokers and dealers, and the development of a national market system.

''(g) PUBLICATION.—The Commission shall publish in the Federal Register notices of the fee rates applicable under this section for each fiscal year.''.

(b) EFFECTIVE DATES; TRANSITION.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply with respect to transactions in securities that occur on or after January 1, 1997.

(2) OFF-EXCHANGE TRADES OF LAST SALE REPORTED TRANSACTIONS.—The amendment made by subsection (a) shall apply with respect to transactions described in section 31(d)(1) of the Securities Exchange Act of 1934 (as amended by subsection (a) of this section) that occur on or after September 1, 1996.

(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to affect the obligation of national securities exchanges and registered brokers and dealers under section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) as in effect prior to the amendment made by subsection (a) to make the payments required by such section on March 15, 1997.

SEC. 306. TIME FOR PAYMENT.

Section 4(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(e)) is amended by inserting before the period at the end thereof the following: ''and the Commission may also specify the time that such fee shall be determined and paid relative to the filing of any statement or document with the Commission''.

SEC. 307. SENSE OF THE CONGRESS CONCERNING FEES.

It is the sense of the Congress that—

(1) the fees authorized by the amendments made by this Act are in lieu of, and not in addition to, any fees that the Securities and Exchange Commission is authorized to impose or collect pursuant to section 9701 of title 31, United States Code; and

(2) in order to maintain the competitiveness of United States securities markets relative to foreign markets, no fee should be assessed on transactions involving portfolios of equity securities taking place at times of day characterized by low volume and during non-traditional trading hours.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Virginia [Mr. BLILEY] and the gentleman from Massachusetts [Mr. MARKEY] each will control 20 minutes.

The Chair recognizes the gentleman from Virginia [Mr. BLILEY].

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

(Mr. BLILEY asked and was given permission to revise and extend his remarks.)

Mr. BLILEY. Mr. Speaker, today, the House will consider H.R. 3005, the securities amendments of 1996. This is good bipartisan legislation. It is designed to help small business find the money it needs to create new jobs, and increase the returns to pension funds, mutual funds and other savings vehicles in which our citizens are saving for their retirement and for the education of their children. I am pleased that this bill has bipartisan support, and has been endorsed by SEC Chairman Arthur Levitt. The bill being considered is an amended version of that which was reported from the Commerce Committee. I will insert an explanation of these changes which I have prepared in the RECORD immediately following my statement.

This bill accomplishes significant changes in the securities laws. Chief among these is the elimination of State regulation of large securities offerings and of mutual funds that we have found duplicates the extensive system of SEC regulation. It is high time that we move to facilitate national capital markets by having a unitary Federal system of regulation of offerings. We believe that this system will reduce regulatory burdens on companies seeking to raise capital, and will not imperil the fine record of investor protection built up by the SEC

The bill codifies the existing exemption from State regulation for companies that are listed on a national securities exchange. Both the debt and equity offerings of these companies will be exempt from State regulation. The legislation provides that other regional exchanges that develop listing standards comparable to those of the national exchanges can also be certified by the SEC and gain the advantages of this exemption.

The legislation provides that offers and sales of securities to qualified purchasers will be exempt from State regulation. We believe that institutional investors are capable of assessing offerings without the need of a second layer of regulation. This will help to increase the rate of return to these institutional investors who are the savings vehicles for people's retirement and for their children's education.

The legislation provides relief from a second tier of regulation to the brokerage industry in a number of areas. The bill preempts State authority over capital, margin, books and records of brokerage firms. The bill also provides a uniform exception from State registration for brokers whose customers go on vacation or are temporarily out of State.

The legislation also ends anticompetitive barriers on broker dealer borrowing. The Government has given a legal monopoly to commercial banks to lend money to brokers. That legal monopoly harms competition and raises costs to our country's brokers. Eliminating this barrier will, in the words of Federal Reserve Chairman Alan Greenspan, increase the safety and soundness of the financial system. In April, the Board of Governors of the Federal Reserve adopted changes to regulation T, eliminating a substantial number of the rules regulating broker dealer lending, including elimination of margin requirements on high quality debt securities and arranged transactions. We applaud the action of Chairman Greenspan and the board which will have the effect of making our brokerage firms more competitive without sacrificing safety and soundness.

This legislation requires that the SEC, when making a public interest determination in a rulemaking consider efficiency, competition, and capital formation. This will require the SEC to consider the costs of its rules, which we think is very important in light of the enhanced congressional role mandated for SEC rules and for rules of self regulatory organizations under the Small Business Regulatory Enforcement Act of 1996. The legislative history of the Small Business Act makes clear that SRO rules are considered major rules for purposes of the act. I endorse that interpretation, and expect to work cooperatively with the SEC when it is considering SRO rules.

I would like to commend Chairman FIELDS for his work in crafting the beginnings of a bipartisan agreement on securities reform in the Subcommittee on Telecommunications and Finance. I would like to thank the ranking member of the subcommittee, ED MARKEY, for his fine contributions to the bill. I would like to thank especially the ranking member of the committee, my friend, JOHN DINGELL, for his cooperation and assistance in crafting further changes to the bill.

I urge members to join with us in supporting this legislation.

□ 1445

Mr. Speaker, I reserve the balance of my time.

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

(Mr. MARKEY asked and was given permission to revise and extend his remarks and to include extraneous material.)

Mr. MARKEY. Mr. Speaker, I am pleased to rise and speak in support of H.R. 3005, The Securities Amendments of 1996. Let me begin by congratulating the distinguished gentleman from Virginia [Mr. BLILEY], the chairman of the Committee on Commerce, and his counterpart, the distinguished gentleman from Michigan [Mr. DINGELL], the senior Member of the House and the ranking Democrat on the committee. Both directed that we put partisanship aside so that we could work on the three critically important public policy issues that underlie the legislation: the promotion of capital formation, the advancement of efficient markets, and the maintenance of the highest possible standards of investor protection.

Their guidance helped us overcome numerous obstacles, any one of which could easily have upset the delicate compromises that brought us to the House floor today. Even though virtually everyone agrees that the policy objectives of titles I and II of The Securities Amendments of 1996 are extraordinarily important, until March of this year few thought it possible that we could overcome the deep differences as to how we could in fact achieve them. But because of the truly remarkable leadership of the distinguished gentleman from the State of Texas, Chairman JACK FIELDS, my good friend and colleague of the subcommittee, we were able to develop a consensus approach to these issues that ultimately allowed us to bring this bill to the floor.

Indeed, Chairman FIELDS has been the singular driving force in the U.S. Congress behind the idea of comprehensively modernizing our system of securities regulation. His desire to promote capital formation and efficient securities markets is unsurpassed, but it should also be evident that he is committed to making sure that Federal and State securities laws continue to protect American investors from fraud and abuse. Indeed, he recognizes that the unparalleled success of our markets is grounded in the fact that the United States maintains the strongest and most profound commitment to investor protection of any country on Earth. Chairman FIELDS' thoroughgoing commitment to achieving this careful balanced played a crucial role in helping us to develop the historic package of reforms that we will be voting on today. His 2 years as chairman of the subcommittee passing historic telecommunications and now securities legislation will have him being looked back at as the one Republican who understood how to work in a bipartisan fashion during this 2-year period, this brief 2-year period that the Republicans controlled the House of Representatives.

So I want to congratulate the gentleman so much for the incredible job which he has done during his tenure as the chairman of this subcommittee. It is indeed remarkable and historic in fact, which is not an overstatement. Comprehensive financial modernization, as some of our colleagues are painfully aware, can be tauntingly elusive as a goal. Yet in the last 3 months, Chairman FIELDS has given us all a case study about how to get there.

When we step back from the details and examine the Bliley amendment from the broad perspective, two historic qualities stand out. The first is how far we have come in a relatively short time. Six months ago we were on the eve of a huge ideological battle confronted with proposals that in our judgment would have caused considerable damage to markets, to companies, and to investors. Included among them were proposals to preempt virtually every aspect of independent State securities regulation, to repeal suitability requirements that protect institutional investors and deter deceitful conduct, to repeal the Williams Act, which could have encouraged a whole new round of hostile takeovers, to eliminate virtually all margin requirements, which could have fueled all sorts of undesirable speculation in the stock markets at the worst possible time when the markets were already at record highs.

There were several other issues as well. In every one of these areas, we have worked diligently to make extraordinary improvements to the original proposals. The results are contained in title I. Collectively they represent a balance and a sensible, rather than a rigid and ideological approach to modernization. More important, title I is historic because it includes a truly unprecedented legislative effort to modernize and to carefully reallocate important aspects of Federal and State securities laws.

Without in any way compromising our longstanding commitment to maintaining the highest possible standard of investor protection, as anyone involved in its drafting knows, modernizing State securities laws is an extraordinarily sensitive and complex subject. An editorial in this morning's Boston Globe, a copy of which is attached to the statement I will submit for the RECORD, captured this delicacy. While it acknowledges that, quote,

> There is a broad agreement among the industry and regulators that some loosening is in order, but Congress must take care as it balances the sometimes conflicting interests of free markets and the reality of those who would exploit them.

I have always agreed with that view personally and as a result have given a tremendous amount of thought to this particular section of the legislation, especially careful consideration of this section was necessary in part because the States have historically filled such a profound and irreplaceable role in protecting small investors from fraud and abuse. Two years ago, I was deeply honored to receive an investor protection award from the Association of State Securities Administrators, the first non-NASAA North American Securities Administrator member to ever receive the award.

I said at that time the States are the ones who work the front lines and serve as the Nation's early warning system for financial fraud. You are the ones who witness most closely the terrible consequences of these frauds, not just the frustration and the anger of having been robbed, but the heartache and the tragedy of dreams that have been stolen, dreams about sending a

child to college or about planning for retirement years. Over the years, your extraordinary and unwavering commitment to promoting the interests of small investors has made NASA a powerful and respected and necessary presence on Capitol Hill.

The Bliley amendment and the committee report that accompanies explicitly provide that the States continue to have available to them the full arsenal of powers needed to investigate and to enforce laws against fraud and to continue their ability to protect the small investor of this country. Similarly, the committee report also makes clear that nothing in this legislation alters or affects in any way any State statutory or common laws against fraud or deceit, including private actions brought pursuant to such laws.

Such a provision was essential to prevent this legislation from getting caught up in the disputes that surround that issue. In several other ways, title I to the Bliley amendment largely strikes the proper balance between promoting efficiency and growth while ensuring integrity and fairness.

The second historic quality about the Bliley amendment is that it includes the first significant proposal to affect the regulation of the mutual fund industry in more than a generation. I am proud to have joined with Chairman FIELDS and Chairman BLILEY, Mr. DINGELL, and others as an original cosponsor of these proposals, and I am delighted that Members of the Senate Committee on Banking, Housing, and Urban Affairs have also taken a very strong interest in them. Most important, this part of the legislation recognizes the fundamentally national character of the fund industry by assigning exclusive responsibility for the routine review of mutual fund offering documents and related sales material to the SEC and the NASD.

Title II of the Bliley amendment also encourages further innovation in this industry by allowing for the first time documents known as advertising prospectuses, and for modestly liberalizing the rules for fund of funds. At the same time, however, the Bliley amendment also recognizes the extraordinary and rapidly growing importance of mutual fund investments to the financial health of average Americans by continuing to permit States to investigate sales practice abuses and other types of fraudulent or deceitful activity.

In addition, the bill recognizes the critical challenge facing the Securities and Exchange Commission, which must maintain its successful record of overseeing the fund industry at a time when mutual funds are growing exponentially and the industry is becoming more diverse and complex. Thus, the Bliley amendment gives the Securities and Exchange Commission the authority to obtain information it must have if it is to determine accurately whether funds are in compliance with the investor protection provisions of the Federal law. This provision has been carefully negotiated with the Securities and Exchange Commission and the fund industry, and it is an essential part of the balance of the bill which we have put together today which ensures that the information is there which guarantees investor protection.

Mr. Speaker, I cannot again praise the gentleman from Virginia [Mr. BLILEY] and the gentleman from Michigan [Mr. DINGELL] enough for their leadership and to single out the gentleman from Texas [Mr. FIELDS] here near the end of his final year in Congress for his special work in putting together this legislation today.

Mr. Speaker, I would like to close by thanking those who worked tirelessly to bridge the gap that divided Democrats and Republicans on these important issues.

Before concluding, I also believe a brief comment is due about the fact that title III has been included as part of the Bliley amendment. I understand that this legislation has already passed the House, and is being included with this bill today in order to facilitate a conference on the subject. and I am well aware of the unnecessary funding fights that have hampered and demoralized the SEC in recent years. But I believe the administration has raised important concerns about the implications of the authorization bill that we need to explore, I am committed to working with the administration to see if we can somehow reconcile the important competing policy considerations that relate to this issue.

As a practical matter, this bill could not have reached the floor today without the tremendous commitment of time and energy on the part of our staff: Linda Dallas Rich and David Cavicke, for the Republicans; Consuela Washington, Jeff Duncan, and Timothy Forde, for the Democrats; and Steve Cope, our exceptionally talented and exceedingly patient legislative counsel. Senior staff of the SEC, under the direction and with the encouragement of Chairman Arthur Levitt, also provided us with critically important assistance at key times over the last few months. All are to be commended for an extraordinary job.

Finally, I doubt that we would have reached this consensus without the good faith participation of the States. As proposals and ideas have been floated back and forth about how to change State laws and regulations, the States have always responded stoically—with good humor as well as with good faith. Neil Sullivan and Dee Harris have provided remarkable leadership throughout this difficult process. I have never been as proud of this group as I am today.

While there are not many legislative days left in this session of Congress, I still think that we have a good chance of seeing much of what we vote on here today enacted into law within a few months. That remarkable prospect would not have been possible without the leadership of Chairman BLILEY, Chairman FIELDS, Ranking Democrat DINGELL, and the steadfast support of our colleagues on both sides of the aisle. I look forward to working with them to secure the bill's passage through the Senate and its signature by the President.

Mr. Speaker, include for the RECORD the following article.

[From the Boston Globe, June 18, 1996]

INSECURITY REGULATION

The Massachusetts congressional delegation will do well to listen to the concerns of Secretary of State William Galvin as it contemplates legislation loosening regulation of securities dealers.

Although there is broad agreement among the industry and regulators that some loosening is in order—the National American Securities Administrators Association (NASAA) hopes that a suitable bill can be drafted during the current session of Congress—Galvin wants a more thorough review that would likely push action into the next session.

Among the issues Galvin and his NASAA colleagues agree are troubling would be relaxing rules for unlicensed broker employees or sales agents who may use high-powered selling tactics to entice the unwary into unwise investments. Many such sales practices are engaged in by smaller brokerage firms, involving small corporations with fewer shares, which create markets that can be volatile and even treacherous. These companies do not attract the institutional interest that is important with larger stocks in establishing more financially credible pricing.

The US Securities and Exchange Commission has historically relied on states to supplement its enforcement activities against shady sales practices by concentrating on these smaller brokerages. The states' task is complicated enough already by the tendency of victims to be embarrassed at having been taken in. Galvin is worried that Congress will prevent states from taking up even those cases where victims do protest.

Those worries deserve the attention of the industry, whose preponderantly ethical members are injured by the misdeeds of a few slick dealers. Congress must take care as it balances the sometimes conflicting interests of free markets and the reality of those who would exploit them.

Mr. Speaker, I reserve the balance of my time.

Mr. Bliley. Mr. Speaker, I yield as much time as he may consume to the gentleman from Texas [Mr. FIELDS], the chairman of the subcommittee who put so much work into this bill.

(Mr. FIELDS of Texas asked and was given permission to revise and extend his remarks.)

Mr. FIELDS of Texas. Mr. Speaker, first of all, I would be remiss if I did not point out that the gentleman from Virginia [Mr. BLILEY] is once again bringing a very complex piece of legislation to the floor that is meaningful in reform and it is bipartisan in nature.

For me personally, this is an exciting day, exciting because we have been able to negotiate in a very complex issue area with bipartisan cooperation, and we dramatically reform and modernize the regulation of this country's capital markets. I would be less than candid if I did not say that part of my excitement is in the fact that we were able to forge and pass this legislation when everyone said that it could not be done, and we were told earlier that our telecommunications reform legislation was too complex and too contentious to pass.

With each of these difficult subject matter areas, the gentleman from Massachusetts [Mr. MARKEY], my good friend and ranking minority member of our subcommittee, and I were able to find commonality rather than partisanship, were able to exercise our personal friendship in representing our Members and our constituencies rather than looking for political points to score.

Mr. Speaker, I appreciate all the nice things that the gentleman said about me just a moment ago, but I want to say ''ditto'' so that the gentleman does not get one up in terms of being overly nice with his compliments. I also want to say that we shared the beliefs of investor protection. We believed that there should be a reliable, secure, and transparent market.

□ 1500

We differed on a few points, and agreed to disagree and consider these points of difference at some other time. If we had wanted to find the differences and tear this legislation apart, we could have done so.

It has been surprising to me that many in our capital markets have yet to appreciate or understand what this legislation actually accomplishes. I think this stems from the fact that the markets are not accustomed to Congress being proactive instead of just reacting to a market crisis or scandal. To many, it has not sunk in yet that this legislation dramatically reforms the 1933, 1934, and 1940 laws relative to the securities and mutual fund industries.

So just as we reformed the 1934 Communications Act and brought the communications industry into the 21st century, so too are we reforming the securities and mutual fund industries into the 21st century in an era of modern regulation without compromising one aspect of investor protection.

When I introduced the capital markets bill back in July of last year, I said you have to begin the dialog someplace. I said that that initial bill was a work in progress. And to the credit of my subcommittee members who originally cosponsored the legislation last July, who, along with me, endured some criticism, they never wavered in their belief that our capital markets needed to be reformed and modernized, and we never lost our resolve to come to this day, and we were encouraged to see some of the things that happened once the debate was begun just with the introduction of the bill.

Chairman Levitt gave a speech in Vancouver which I think will go down as one of the most significant events in the modernization of our capital markets regulatory regime, when he suggested that there were problems in duplicative regulation at the State and Federal level. Then the SEC began to recommend eliminating unnecessary and redundant regulations. Margin reform was acted upon by the Federal Reserve. A memorandum of understanding was entered into by the SEC, the exchanges, and the National Association of Securities Dealers to streamline the examination of broker dealers. Many say that these reforms would not have happened or would have come about much slower if the dialog had not been initiated.

So today we bring to the House a very complex piece of dramatic reform legislation, in a complex subject matter area, but, again, with broad bipartisan support and effort.

In the most simplistic of terms, this legislation does the following: Investment company securities sold in the secondary market and many securities exempt from Federal registration will be subject to a single national regulatory system. In addition, securities sold by the cream of the small cap companies, companies with assets of at least $10 million and 2 years of operations, will be subject only to Federal regulation.

This bill recognizes that we have entered the information age and requires the SEC to report to Congress on the steps taken to facilitate the electronic delivery of prospectuses.

We give a general grant of exemptive authority to the SEC under both the 1933 and 1934 acts to eliminate rules and regulations that no longer serve a legitimate purpose.

We require the SEC when promulgating a rule or granting an exemption to consider efficiency, promotion of capital formation, and competition as criteria in addition to investor protection. We require the SEC to examine proposals for the privatization of EDGAR.

I want to stop just a moment and give special credit to the gentleman from New York, DAN FRISA, who not only worked tirelessly on this provision, but authored the definitive document on EDGAR and the SEC's information management system.

In title II we permit all mutual fund companies to create a fund of funds. We permit mutual funds to advertise more information than is permitted under current law. We also preempt the State from duplicative State regulations, recognizing that this is a national marketplace and our companies are competing in a global way.

Mr. Speaker, this brief and cursory explanation does not do justice to the historic reform that this legislation represents. This House should be proud of what we are accomplishing today. The House should be proud of the gentleman from Virginia, Chairman BLILEY, for moving this bill forward in the way that he did. It should be proud of the ranking minority member from Michigan [Mr. DINGELL] who has always been willing to work in a positive and bipartisan manner with all of the Members of our committee.

But, again, Mr. Speaker, I would be remiss if I did not give special credit and focus on my good friend, the gentleman from Massachusetts, ED MARKEY, who came to my office 2 nights before we were to mark up the capital markets bill in the subcommittee, and we sat together for 2 hours as we negotiated the bill. It was in those 2 hours as we negotiated the bill. It was in those 2 hours, without staff, that through our friendship, we found commonality, to serve the interests of our constituents and the people who will be affected by this reform, the investors of this country, and the capital markets community.

I would be further remiss if I did not acknowledge the hard work and personal engagement of Chairman Arthur Levitt. Without his personal efforts we would not be poised to pass this historic legislation. I believe Chairman Levitt will go down as one of the greatest, if not the greatest, SEC chairman that has ever served our country in that capacity.

Finally, I must give credit to a staff who took what Mr. MARKEY and I initially agreed upon, put it in legislative language for the subcommittee, further refined it at the full committee, and then brought us to this point today. Special thanks to David Cavicke, Linda Rich, Brian McCullough, and on the minority staff Jeff Duncan, Tim Ford, and Consuela Washington. And, of course, a special thanks to Christy Strawman on my personal staff, and a special thanks to the greatest draftsman in the House, Steve Cope.

Mr. MARKEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. DINGELL], the ranking Democrat on the Committee on Commerce.

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Speaker, I rise in support of the legislation and urge its passage by the House.

The bill has come a long way since title I was originally proposed last July as H.R. 2131. It was controversial legislation then which would have, amongst other things, repealed the Trust Indenture Act and key protections under the Williams Act and Federal margin provisions, negated antifraud protections and suitability obligations on broker dealers to institutional investors, and decimated securities regulation and enforcement at the State level. That bill, thank heaven, is not this bill.

With that, I wish to commend my good friend, the gentleman from Texas [Mr. FIELDS], the chairman of the subcommittee, and the gentleman from Massachusetts [Mr. MARKEY], for their outstanding efforts in reforming that legislation into something we could rejoice in and pass today. I want to again commend Mr. FIELDS, the chairman of the subcommittee, and the gentleman from Virginia, Mr. BLILEY, the chairman of the Committee on Commerce, for working with Members on this side of the aisle, the Securities and Exchange Commission, State securities regulators, and the securities industry to write the balanced legislation that we consider today.

I will express my personal thanks to the gentleman from Massachusetts [Mr. MARKEY] for his important leadership on and contributions to this bill.

Others will be describing the floor amendment in great detail. There are a few points I would like to make. In his November 30, 1995, testimony before our committee, a great and decent man and an outstanding regulator, Chairman Levitt, stated that: ''State securities regulators play an essential role in the regulation of the U.S. securities industry. State regulators are often the

first line of defense against developing problems. They are the 'local cops' on the beat who can quickly detect and respond to violations of law.''

I strongly agree with those sentiments. Nothing that we do in this legislation should undercut the authority and ability of States to detect and take action against securities fraud and sales practice abuses. I will continue to work on this issue in conference with the Senate.

While I support the bill's grant of exemptive authority to the SEC under the Securities Act of 1933 and the Securities Exchange Act of 1934, I want it clearly understood that this bill does not grant the SEC the authority to grant exemptions from the antifraud provisions of either act. In determining the public interest, Congress has expressed the public interest through the express provisions of law that it has enacted. The SEC may not administratively repeal these provisions by use of the new exemptive authority.

I support responsible efforts to reform and modernize the securities laws consistent with the maintenance of investor protections and the transparency, integrity, and fairness of the U.S. securities markets. Our capital markets run on investor confidence, and that confidence will disappear, and the liquidity and efficiency of our markets will be seriously impaired, if investors believe that we are turning the hen-house sentry posts over to the foxes or abolishing half the sentry posts at a time of increases poaching. For example, yesterday's Wall Street Journal [Investigators Tie Brokers To Bribes, Monday, June 17, 1996, at C1] reported that dozens of stockbrokers around the country are suspected of taking hidden payments from promoters to sell stocks to their customers. The March 1996 report of the SEC–SRO–State Joint Regulatory Sales Practice Sweep found that: one-fifth of the examinations resulted in enforcement referrals and an additional one-fourth of the examinations resulted in the issuance of letters of caution of deficiency letters; almost one-half of the branches that engage in some type of cold calling evidence cold-calling violations or deficiencies; supervisors in many of the branches examined conduct inadequate or no routine review of registered representatives' customer service transactions to detect sales practice abuses; and many of the branches examined utilized only minimum hiring procedures and some of these are willing to employ registered reps with a history of disciplinary actions or customer complaints.

SEC resources are also an important part of this enforcement equation. Title III of the floor amendment includes the text of the SEC reauthorization bill that passed the House unanimously in march of this year. As I understand it, the inclusion of this title is intended to facilitate good faith negotiations between the House, Senate, and OMB to resolve longstanding questions about SEC fees. Although the administration supports other provisions of H.R. 3005, it has expressed serious concerns with reauthorization provisions that would reduce or eliminate the use of increased securities registration and transaction fees for general-fund purposes. I intend to continue to work with the administration to address their concerns with this provision, and hope my colleagues on the Majority side will join in the effort to get a cooperative resolution of this issue.

Also I wanted to just observe that this House is going to seriously miss my friend from Texas, Mr. FIELDS, when he goes. He has been a distinguished Member of this body, a fine chairman of this subcommittee, a valuable friend of mine, a responsible and decent Member of this body, and I am pleased that he is not yet leaving us. I do want the Record to show the high regard in which I hold the fine gentleman from Texas.

Mr. BLILEY. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Ohio [Mr. OXLEY], the vice chairman of the subcommittee.

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

Mr. Speaker, never in our wildest dreams could we imagine we would be on the floor today on a suspension calendar to pass H.R. 3005, the securities amendments of 1996. I want to pay tribute to the gentleman from Texas, Chairman FIELDS, for his great leadership, as well as the chairman of the full committee, the gentleman from Virginia, Mr. BLILEY, along with our good friend, the gentleman from Massachusetts, ED MARKEY, the ranking member of the subcommittee, and the ranking member, the gentleman from Michigan, Mr. DINGELL, for their hard work, and also to Chairman Levitt for providing the kind of leadership at the SEC that we have come to expect from that fine gentleman. This bill is a product of the work that all of the aforementioned gentlemen put in on this very important bill.

Times are changing and the way Americans invest are changing. The laws regarding securities and mutual fund policies must change as well. According to the Fed, in 1980 the average American household had one-third of its liquid assets in securities. By 1995 it had two-thirds of its liquid assets in securities.

For once, Congress is taking positive action in the area of securities law and not reacting to a crisis or to a scandal. The bill is designated to promote capital formation, efficiency and competition, without compromising the integrity of our confidence in the financial marketplace. The bill repeals or amends sections of the Securities Act of 1933, the SEC Act of 1934, and the Investment Company Act of 1940. The bill creates a national system of securities regulation, eliminating duplication in State and Federal regulation for exchange listed securities, securities offerings to qualified investors, and mutual funds. This will lower the administrative and regulatory costs to investors across the country and increase returns to mutual funds and other savings vehicles.

On the issue of institutional suitability, let me say during our hearings we heard from three former SEC commissioners, the Public Securities Administration, the PSA, and others in the private sector on the need for reform. We plan to pursue that issue in the next Congress.

□ 1515

Mr. BLILEY. Mr. Speaker, I yield 2 minutes to the gentleman from Washington, Mr. RICK WHITE, a valued member of the committee.

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

Mr. Speaker, 2 years ago, I was a business lawyer, now I am a humble freshman Member of Congress. I would have to say that it has been a great privilege to serve on this subcommittee and this committee, where we have actually gotten some important things done during this Congress.

It has been my privilege to serve with the gentleman from Virginia, Chairman BLILEY, the gentleman from Texas, JACK FIELDS, the subcommittee chairman, and with the ranking members, the gentleman from Michigan, JOHN DINGELL, and the gentleman from Massachusetts, EDWARD MARKEY, especially on this bill, where we were able to work together and do something that really needed to be done.

Mr. Speaker, the fact is, as we heard so many times during the hearings on this bill, the United States right now has the best capital markets in the world. But I remember my days when I was a lawyer, it was only 2 years ago, and I dabbled in securities law at that time. And in my office, right down the hall were the real securities lawyers in my firm, and I well remember the days when those securities lawyers and the people working for them would be tearing out their hair and rending their garments because of all the regulations and hoops they had to jump through in order to get a securities offering done.

The fact is, Mr. Speaker, the price of liberty is eternal vigilance, and that maxim applies in the securities market just like in every place else. The great thing about this bill is that it modernizes our securities laws and puts them in line for what we are going to need in the 21st century.

One of the main problems we have had, and one of the things that I notices when I was a lawyer, is that when we want to issue a big securities offering, not only do we have to get approval from Washington, DC, we have to get approval from 52 States and other offices in order to get that securities offering approved. That was one of the reasons that the lawyers down the hall from me would tear out their hair whenever they had to go through this process.

Our bill fixes that. For large offerings, there is one market from now on. It streamlines it, makes it make a lot more sense. Our bill also tries to bring us into the 21st century is providing information to investors. Right now, the law says we have to provide investors with a big thick book every time we are to issue a securities offering. But in the future, if the SEC allows us to do that, we will be able to do it by the Internet or fax or some other electronic means. That is getting us ready for the 21st century.

The fact is, Mr. Speaker, our job is not over. We have some more work we need to be beyond this bill to bring our securities in line with the 21st century, but it is a good step in the right direction, I am proud to be a part of it, and I urge all my colleagues to vote for this bill.

Mr. MARKEY. Mr. Speaker, I yield myself the balance of my time in which to close the debate.

Mr. Speaker, what I would like to do is thank those who helped to bridge the gaps between the Democrats and Republicans in making this legislation possible; because, as a practical matter, this bill could not have become law, reached the floor today, without a tremendous amount of dedication and hard work on the part of many people. But a small number deserve to be especially singled out, and I begin with Linda Dallas Rich and David Cavicke and Kristy Strahman, who served the majority extremely well over this past year and a half in bringing this bill to this place.

On the Democratic side, without the historic work of Consulea Washington and Jeff Duncan and Tim Forde, who dedicated personally this last year and a half to this particular piece of legislation, we could not have been here.

And to Steve Cope, our exceptionally talented and exceedingly patient legislative counsel, the senior staff of the Securities and Exchange Commission, under the direction of our very distinguished chairman, Arthur Levitt, who provided us with critically important assistance at key times over the last few months, all are to be commended for an extraordinary job.

Finally, I doubt we would have reached the consensus without the good faith participation of the States. As proposals and ideas have been floated back and forth about how to change State laws and regulations, the States have always responded stoically, with good humor as well as with good faith. Neil Sullivan and Dee Harris have provided remarkable leadership throughout this difficult process. I have never been as proud of that group as I am here today.

While there are not many legislative days left in this session of Congress, I still think that we have a good chance of seeing much of what we vote on there today enacted into law within the next couple of months. That remarkable prospect would not have been possible without the leadership of the gentleman from Virginia, Chairman BLILEY, and of the ranking minority leader, the gentleman from Michigan, JOHN DINGELL, of the Committee on Commerce. Their historic roles in securities legislation in very well known and appreciated.

And especially, as has been noted several times before, to my good friend, the gentleman from Texas, JACK FIELDS, of this subcommittee, who has worked long and hard to bring this historic piece of legislation here to the floor.

Mr. FIELDS of Texas. Mr. Speaker, will the gentleman yield?

Mr. MARKEY. I yield to the gentleman from Texas.

Mr. FIELDS of Texas. Mr. Speaker, I appreciate all of the gentleman's kind remarks. I think it is refreshing for the public and the country at large to see both sides of the aisle working in an extremely complex issue area, working together and finding commonality.

Mr. Speaker, I want to say on behalf of the gentleman that he made this process a dialog, creating that opportunity for us to discuss and find where we could agree, and helped bring us to this important day today. Certainly I think it is historic, and I just want to compliment the gentleman.

Mr. MARKEY. Mr. Speaker, reclaiming my time, I thank the gentleman, and I look forward to its passage in the Senate and to the President's signature on this bill as well, which is the only appropriate ending to this.

Mr. BLILEY. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore (Mr. WELLER). The gentleman from Virginia [Mr. BLILEY] has 3 minutes remaining.

Mr. BLILEY. Mr. Speaker, I yield myself 30 seconds.

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

Mr. BLILEY. I yield to the gentleman from Virginia.

Mr. MORAN. Mr. Speaker, I hate to get in the middle of this exchange of roses, but our State Corporation Commission in Virginia, that I am sure the chairman is very much aware of, has some concerns in that we essentially wipe out of a lot of the State laws. I can understand why we do, but they are very much afraid that they will not have the time to go through their legislative and rulemaking process because they now require regulation fees and the filing of notice of mutual fund shares. And they are afraid as well that without doing so, they will not have sufficient enforcement authority under their current State law. Can the chairman assure us that it will be worked out?

Mr. BLILEY. Mr. Speaker, reclaiming my time, they have all of that enforcement authority and they retain their fees.

Mr. MORAN. They retain their fees and enforcement authority.

Mr. BLILEY. That is correct.

Mr. MORAN. Mr. Speaker, I thank the gentleman for putting that on the record.

Mr. BLILEY. Mr. Speaker, I yield 30 seconds to the gentleman from New York [Mr. LAZIO] for the purpose of a colloquy.

Mr. LAZIO of New York. Mr. Speaker, I thank the gentleman for yielding me this time.

As the chairman knows, there are about 20 Members of Congress, including the gentleman from New York, Congressman DAN FRISA, who have expressed deep concerns about preferencing on securities exchanges. Preferencing enables broker-dealers to take the other side of their own customer orders, to the exclusion of competing market interest. It is a de facto form of collusion. Perferencing was not permitted on securities exchanges until 1991, when the Cincinnati Stock Exchange began a preferencing pilot program.

I want to address this to the gentleman from Texas, if I can, and ask him if in the course of deliberation, as the bill moves forward in the conference process, if he would work with me and the others who are interested in this subject to ensure that this issue is addressed?

Mr. BLILEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. FIELDS] for a brief comment.

Mr. FIELDS of Texas. Mr. Speaker, I want to respond to the gentleman that it is my intent to work with all Members of the House and develop the best possible piece of legislation that can be developed.

Mr. BLILEY. Mr. Speaker, how much time remains?

The SPEAKER pro tempore. The gentleman from Virginia [Mr. BLILEY] has 2 minutes remaining.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin, Mr. TOBY ROTH, a member of the Committee on Banking and Financial Services.

Mr. ROTH. Mr. Speaker, I thank my friend, the chairman, for yielding me this time and I congratulate him and the other members of this committee who have done such a fine job on this bill.

I have listened attentively to the debate here this afternoon. This is a good bill and I hope everyone votes for it. I did have a question about the States and how they will be impacted and we heard that in the debate here before. This bill will eliminate any duplications between State and Federal regulations governing mutual funds and other security activities.

Mr. Speaker, serving on the Committee on Banking and Financial Services, I have had a great deal of interest in legislation like this. The measure before us is not perfect, but it is going because it has been scaled down a long way from the controversial changes that it first had, but this is a good piece of legislation.

Even though this legislation preempts some State powers over securities, the bill would preserve a significant role for the State regulators. For

example, the State would no longer have jurisdiction over mutual funds, and the bill would scale back State regulation securities offerings, substituting Securities and Exchange Commission for a dual State-Federal system in place. But, on the other hand, this is a good bill, it is a well balanced bill, and I hope we all vote for it.

Mr. BLILEY. Mr. Speaker, I yield 1 minute, the balance of my time, to the gentleman from New York [Mr. FRISA], a member of the committee.

Mr. FRISA. Mr. Speaker, I thank the chairman for yielding me this time, and I would like to take this opportunity in joining with my colleagues from both sides of the aisle in acknowledging the tremendous leadership that the gentleman from Virginia, Chairman BLILEY, of the Committee on Commerce, has exhibited in this case to bring both sides together in a very complex issue, which, most importantly, will benefit the investors, all of them, the individual families who invest as well as the large pools of money that invest; because, really, Mr. Speaker, those investors are the few that drive the engine of the American economy by investing in the stock market their hard-earned money so that corporations will have the funds to invest in capital and in jobs. I think it represents yet another victory for the people and for the Committee on Commerce in crafting this bipartisan legislation.

I think it is also important, Mr. Speaker, to acknowledge that the chairman of the Securities and Exchange Commission, Arthur Levitt, has worked with us as well in order to craft this agreement. And I think, finally, the gentleman from Texas [Mr. FIELDS], the chairman of the subcommittee, who I have been pleased to work with, and the gentleman from Massachusetts [Mr. MARKEY], the ranking member of the subcommittee, have provided leadership as well.

Mr. Speaker, I say to the gentleman from Virginia [Mr. BLILEY] and to all the others, this entire House can be proud of this legislation. I urge its adoption.

Mr. HASTERT. Mr. Speaker, I am glad to see consensus has been reached to move ahead with bipartisan legislation that will equip America's capital markets to compete in the global marketplace. The changes in this bill will ultimately make it easier for business people and investors all over this Nation to reach the American Dream.

We all know that communications technologies have made the world a smaller place. People and businesses looking for capital, or those looking to invest, are now able to shop around the world. They look for those markets that provide the highest degree of integrity, transparency, and liquidity, but do not require unnecessary or burdensome red tape.

H.R. 3005 makes commonsense changes to a system that today, makes the cost of capital generation unnecessarily high and overburdens the Securities and Exchange Commission. The most fundamental change provides efficiency by dividing financial instruments into those that are national in scope and those that are not. This allows the SEC to focus its resources as the sole regulator of larger, national offerings, while the States will carry out the crucial role of regulating smaller offerings. This change enables regulators to concentrate on those instruments they are best suited to oversee. At the same time, eliminating duplicative registration requirements will reduce the cost of raising capital. Thus, more companies will be able to create jobs, pay out higher dividends, and further expand their business.

These are the tangible effects of the bill we are addressing today. Thus, this bill moves entrepreneurs and investors one step closer to fulfilling the American Dream. Congress can and should continue to enact legislation that provides hope to the citizens of this Nation.

Mrs. COLLINS of Illinois. Mr. Speaker, during three hearings held on securities amendments, the Commerce Committee heard support for sensible, targeted efforts to reform Federal securities laws to promote greater efficiency and capital formation in U.S. financial markets. We also heard from a number of witnesses, including Securities and Exchange Commission Chairman Arthur Levitt, who urged us to proceed carefully and cautiously, keeping in mind the fact that investor confidence and consumer protection must not in any way be compromised in this undertaking. I agree fully. I was extremely pleased that a bipartisan agreement was reached that heeded Chairman Levitt's sage device.

As we all know, U.S. capital markets are the strongest financial markets in the world. Today, nearly one-third of all families in the Nation have a portion of their savings invested in stocks, bonds, and mutual funds in order to ensure a better future for themselves and their loved ones. These investors have trust in their investments because our regulatory system has proven beneficial in protecting individuals from fraud and abuse perpetuated by unscrupulous brokers and dealers. We will be preserving and strengthening this trust with the legislation we consider before us today.

This legislation will maintain the authority of State securities regulators to police wrongdoing. In addition, the legislation in its current form ensures that the SEC mandate to protect American investors and the public interest as well as the long-term stability of our major markets remains intact. This is a most important point. While there is room to fine tune the regulatory functions of the SEC, reforms must never be structured in such a way that they undermine consumer confidence.

This bill, H.R. 2005, does not seek to greatly limit inspections of brokerage firms who have violated SEC rules or relieve firms of liability for recommending unsuitably risky investments to institutional clients. The bill also modifies previous language that would have eliminated the requirement in current law that investors be sent a prospectus and informed of the risks they face before they buy newly offered securities by requiring the SEC to move forward with its study of this issue.

Mr. Speaker, there is undoubtedly a need to monitor mutual fund regulation to fully account for the constantly evolving size, complexity, and investment opportunities of our Nation's financial markets. While mutual funds have grown by more than 20 percent annually throughout the 1980's and into the 1990's, Congress has not addressed the issue of fund regulation since 1970. This bill updates our securities laws.

I urge my colleagues to support H.R. 3005.

Mr. ACKERMAN. Mr. Speaker, on May 9, 1996, 18 of my colleagues and I wrote to the SEC to express our strong concern about the SEC's order giving permanent approval to a preferencing program on the Cincinnati Stock Exchange, the CSE. Among the important issues raised in the letter was the adequacy of the CSE's surveillance system.

Preferencing enables a broker-dealer to take the other side of its own customer order, to the exclusion of the other competing market interest. Because preferencing presents a broker-dealer with a conflict between its duty to its customer as a broker and its financial self-interest as a dealer, an effective surveillance system is especially important. Among the unanswered questions about the CSE preferencing program is whether the CSE's surveillance system can ensure that dealers taking the other side of their customers' orders fulfill their fiduciary obligations to achieve the best price for their customers. Given the SEC's traditional emphasis on investor protection, it is surprising that the order approving the CSE preferencing program does not address this issue.

Mr. Speaker, today we take up H.R. 3005, the securities amendments of 1996. This legislation does not address the issue of preferencing but I understand that similar legislation in the other body may contain a provision directing the SEC to undertake detailed study of preferencing on exchange markets. Such a study would likely provide answers to some of the unanswered questions about preferencing on the CSE, such as the adequacy of the CSE's surveillance system. Unless such a study concludes that there are tangible benefits to investors and to the capital formation process from this questionable practice, I would support efforts to move swiftly to ban preferencing on exchanges.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Virginia [Mr. BLILEY] that the House suspend the rules and pass the bill, H.R. 3005, as amended.

The question was taken.

Mr. BLILEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. BLILEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3005 the bill just considered.

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

There was no objection.

ANTI-CAR THEFT IMPROVEMENTS ACT OF 1996

Mr. MCCOLLUM. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2803) to amend the anti-car theft provisions of title 49, United

States Code, to increase the utility of motor vehicle title information to State and Federal law enforcement officials, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2803

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Anti-Car Theft Improvements Act of 1996''.

SEC. 2. SYSTEM NAME AND IMPLEMENTATION DATE.

(a) SYSTEM DATE.—Section 30502(a)(1) of title 49, United States Code, is amended by striking ''January 31, 1996'' and inserting ''December 31, 1997''.

(b) SECTION 30503.—Section 30503(d) of title 49, United States Code, is amended by striking ''January 1, 1997'' and inserting ''October 1, 1998''.

(c) SYSTEM NAME.—Chapter 305 of title 49, United States Code, is amended by striking ''National Automobile Title Information System'' each place it occurs in the chapter heading, the table of sections for chapter 305, the section heading for section 30502, and in the texts of sections 30502 and 30503 and inserting ''National Motor Vehicle Title Information System''.

SEC. 3. DELEGATION OF AUTHORITY.

(a) SECRETARY OF TRANSPORTATION.—Sections 30501, 30502, 30503, 30504, and 30505 of title 49, United States Code, are each amended by striking each reference to ''Secretary of Transportation'' or ''Secretary'' and inserting ''Attorney General''.

(b) ATTORNEY GENERAL.—Section 30502 of title 49, United States Code, is amended by striking each reference to ''Attorney General'' and inserting ''Secretary of Transportation''.

SEC. 4. TITLE INFORMATION SYSTEM.

Section 30502 of title 49, United States Code, is amended by adding at the end the following:

''(f) IMMUNITY.—Any person performing any activity under this section or section 30503 or 30504 in good faith and with the reasonable belief that such activity was in accordance with this section or section 30503 or 30504, as the case may be, shall be immune from any civil action respecting such activity which is seeking money damages or equitable relief in any court of the United States or a State.''.

SEC. 5. STOLEN VEHICLE INFORMATION SYSTEM.

Section 33109 of title 49, United States Code is amended by adding at the end the following:

''(d) IMMUNITY.—Any person performing any activity under this section or section 33110 or 33111 in good faith and with the reasonable belief that such activity was in accordance with such section shall be immune from any civil action respecting such activity which is seeking money damages or equitable relief in any court of the United States or a State.''.

SEC. 6. GRANTS TO STATES.

(a) AMENDMENT.—sECTION 30503(C)(2) OF TITLE 49, United States Code, is amended to read as follows:

''(2) The Attorney General may make reasonable and necessary grants to participating States to be used in making titling information maintained by those States available to the operator.''.

(b) AUTHORIZATION.—The are authorized to be appropriated such sums as may be necessary to carry out sections 30503 and 33109 of title 49, United States Code.

(c) INFORMATION SYSTEM.—The information system established under section 30502 of title 49, United States Code, shall be effective as provided in the rules promulgated by the Attorney General.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Florida [Mr. MCCOLLUM] and the gentleman from North Carolina [Mr. WATT] each will control 20 minutes.

The Chair recognizes the gentleman from Florida [Mr. MCCOLLUM].

GENERAL LEAVE

Mr. MCCOLLUM. Mr. speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill under consideration.

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

There was no objection.

□ 1530

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

Mr. Speaker, H.R. 2803, the Anti-Car Theft Improvements Act of 1995, amends the anti-car theft provisions established by Congress in 1992 to increase the utility of motor vehicle title information to State and Federal law enforcement officials.

Mr. Speaker, States issue almost 140,000 new titles every year for stolen vehicles because there is no automated way to verify the validity of records from other States. Moreover, the costs imposed on society by carjackings and auto thefts remain unacceptably high. Car theft has risen 28 percent over the last 10 years at a cost of at least $8 billion annually. The auto theft industry is booming nationwide for the simple reason that stealing cars is a lucrative, easy, relatively low-risk proposition. In addition, over the last few years, car theft has taken a violent turn for the worst, involving more than just property crime. Brazen predators on our streets steal cars at gun point, carjacking at a rate of approximately one every 20 seconds.

To help States fight back, Congress passed the Anti-Car Theft Act of 1992 which required the Department of Transportation to establish by January 31, 1996, an electronic information system that would allow a State motor vehicle titling authority to check instantly whether a vehicle had been stolen before it issues a new title for that vehicle. The bill also authorized a Federal grant program to help States modify computer software for this purpose. Once established, the title information system would enable State motor vehicle departments, law enforcement officials, prospective auto purchasers, and insurance carriers to check the validity of purported ownership documents, thereby preventing thieves from using ostensibly valid titles for stolen cars.

Well, the January 1996 deadline has come and gone and the Department of Transportation has not established such a system nor has it designated another entity to do so, despite authority granted in the Anti-Car Theft Act of 1992. It is becoming clear that unless Congress acts, it is unlikely that an automated titling system will be established. It is for this reason that I, along with the gentleman from New York [Mr. SCHUMER], have introduced H.R. 2803, the Anti-Car Theft Improvements Act of 1995. The bill transfers authority for implementing the titling system to the Department of Justice and, importantly, establishes a new, realistic time table.

By way of background, the 1992 bill gave responsibility for implementing the Anti-Car Theft Act to both the Department of Justice and the Department of Transportation. The Justice Department has made significant progress in establishing an electronic information system that indicates when certain auto parts came from a vehicle reported stolen. It has become apparent, however, that this parts information system cannot be fully effective by itself and prompt action should be taken to establish the other major element, the titling information system. H.R. 2803 would give authority to the Department of Justice to establish both the parts and titling system designated in the 1992 Act.

Mr. Speaker, let me take just a minute to briefly describe what the bill does: H.R. 2803 would extend the implementation date established in the Auto Theft Act of 1992 from January 1996 to a more reasonable date in 1997. The bill will also give authority to the Department of Justice to implement the title information system. As I mentioned earlier, both the stolen parts system and the title information system would be operated under the auspices of the Department of Justice.

In addition to redelegating responsibilities for the program, H.R. 2803 would also grant limited immunity from civil action to entities operating the information systems. This particular provision will protect from potential liability those who serve the public by providing the titling information to appropriate parties.

And, finally, Mr. Speaker, H.R. 2803 authorizes appropriations as necessary for the previously established grant program to enable States to make the necessary software changes in order for them to begin participating in the titling information system. The measure eliminates the requirement from the 1992 act that States cover 75 percent of the costs of the implementation and also does away with the $300,000 cap on grants available to each State. I would like to emphasize that while the Federal Government will be assisting States in setting up their systems in the first year, the program will become completely self-sufficient in future years, since it will be fully supported by user fees. Other automated systems established by Congress, such as the National Driver Register and the Commercial Drivers License Information System have been successfully supported by user fees.

Now, the bill in the form which is being considered today contains a few

modifications from the Committee's reported version. These modifications are a result of cooperation with the Commerce Committee and are largely technical and clarifying changes. In addition, this amended version of H.R. 2803 extends the system implementation deadline by 3 more months, from an October 1997 deadline in the original bill, to a December 1997 deadline, and includes authorizing language for the stolen parts system that had been included in the 1992 bill but was erroneously removed during the recodification of title 49, United States Code. And on behalf of Mr. HYDE, the Judiciary Committee chairman, and myself, we would like to thank Mr. BLILEY, chairman of the Commerce Committee, for his support and cooperation.

Mr. Speaker, this is a very important bill that will strengthen an effective crime fighting tool for State and Federal law enforcement across the country. I urge my colleagues to support this measure.

Mr. Speaker, I reserve the balance of my time.

Mr. WATT of North Carolina. Mr. Speaker, I yield myself such time as I may consume, and I rise in support of the bill.

This is a simple bipartisan bill that is intended to make the Federal Anti-car Theft Program work better. It has the support of the National Association of Motor Vehicle Administrators, the Clinton administration, the automobile industry, and the auto insurance industry.

In 1992, Congress passed the Anti-car Theft Act in response to spiraling auto theft in America. Among other things, that law set up two national registers of information—one dealing with stolen parts, and another dealing with car titles.

The stolen parts register was assigned to the Department of Justice, and the national titling register to the Department of Transportation. This bill deals with the national titling register.

The national titling register will be an important tool to stop a practice known as ''washing'' the titles of stolen cars. Right now, car thieves can steal a car in one State, then take it to another State and by using criminal paper-shuffling, get a new washed title for the stolen car.

As surprising as it may seem, there is presently no central place against which a State can check the bona fides of a title from another State before it issues a new one. Most checking of titles now is done after the fact, by mail, using paper records, and is not very effective.

The central title register is therefore a crucial step toward stopping interstate movement of stolen cars.

Unfortunately, experience has shown since 1992 that the Department of Transportation is not the best place for establishing such a register.

The register is primarily a law enforcement tool, better suited to the Department of Justice, in addition, the Department of Justice already has access to data systems that can be adapted to include titling information.

Recognizing that reality, all parties concerned have agreed that responsibility for this national title register should be shifted from the Department of Transportation to the Department of Justice.

This bill does that. I urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. MCCOLLUM. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. OXLEY].

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

I rise today in support of H.R. 2803, the Anti-Car Theft Improvements Act of 1996. When the Congress enacted the Anti-Car Theft Act of 1992, the Commerce Committee and Judiciary Committee worked as partners to craft legislation which addressed the continuing problem of car theft from a number of angles. One provision set up an information system to track information about vehicle titles and stolen parts. Unfortunately, for a variety of reasons, implementation of this information system has been delayed thus far.

H.R. 2803 addresses a number of issues which have been identified as possible bottlenecks in implementing this information system. A lack of resources at the Department of Transportation, combined with some ambiguities in the original act, led to a situation where a tool which had obvious value to law enforcement officials in the States and Federal Government could not be set up.

H.R. 2803 paves the way for full implementation of the information system. The Department of Transportation has already begun a pilot program, which will serve as the model for nationwide implementation. It provides a specific authorization for appropriations, and transfers authority for overseeing the project from the Department of Transportation to the Department of Justice. With these changes, I believe that we can finally realize the potential provided by this kind of information system.

As I mentioned earlier, the Commerce Committee and Judiciary Committee have a long record of working together on these issues, stretching back to the early 1980's and before. Because the Judiciary Committee addressed a number of our substantive concerns in the legislation before us, the Commerce Committee has waived its right to a sequential referral of H.R. 2803 in order to expedite its consideration.

Mr. Speaker, I would like to especially thank the chairman of the subcommittee, the gentleman from Florida [Mr. MCCOLLUM], for his leadership on this legislation in providing the kind of help for our committee as well as the full House in enacting this legislation.

I would like to confirm with the gentleman from Florida that he would support the Committee on Commerce's request for an appropriate number of conferees should this bill become the subject of a House-Senate conference.

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

Mr. OXLEY. I yield to the gentleman from Florida.

Mr. MCCOLLUM. Mr. Speaker, as the gentleman knows, that decision would be primarily between our two chairmen, the gentleman from Virginia [Mr. BLILEY] and the gentleman from Illinois [Mr. HYDE]. But certainly I have no objection to that.

Mr. OXLEY. Mr. Speaker, I appreciate that. Reclaiming my time, I want to thank the gentleman from Florida for his commitment and hard work on this legislation. The Committee on Commerce has no objection to the legislation. As a matter of fact, we support it strongly. I urge my colleagues on both sides of the aisle to support it.

Mr. WATT of North Carolina. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MCCOLLUM. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. WELLER). The question is on the motion offered by the gentleman from Florida [Mr. MCCOLLUM] that the House suspend the rules and pass the bill, H.R. 2803, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

CHURCH ARSON PREVENTION ACT OF 1996

Mr. HYDE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3525) to amend title 18, United States Code, to clarify the Federal jurisdiction over offenses relating to damage to religious property, as amended.

The Clerk read as follows:

H.R. 3525

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Church Arson Prevention Act of 1996''.

SEC. 2. DAMAGE TO RELIGIOUS PROPERTY.

(a) IN GENERAL.—Section 247 of title 18, United States Code, is amended—

(1) so that subsection (b) reads as follows: ''(b) The circumstances referred to in subsection (a) are that the offense is in or affects interstate or foreign commerce.'';

(2) in subsection (a), by striking ''subsection (c)'' and inserting ''subsection (d)'';

(3) in subsection (c), by inserting ''or (c)'' after ''subsection (a)'';

(4) by redesignating subsections (c), (d), and (e), as subsections (d), (e), and (f), respectively;

(5) by inserting after subsection (b) the following:

''(c) Whoever intentionally defaces, damages, or destroys any religious real property because of the race, color, or ethnic characteristics of any individual associated with that religious property, or attempts to do so, shall be punished as provided in subsection (d).''; and

(6) in subsection (f) as so redesignated by this section, by inserting ''real'' before ''property'' each place it appears.

(b) COMPENSATION OF VICTIMS.—

(1) REQUIREMENT OF INCLUSION IN LIST OF CRIMES ELIGIBLE FOR COMPENSATION.—Section 1403(d)(3) of the Victims of Crime Act of 1984 (42 U.S.C. 10602(d)(3)) is amended by inserting ''crimes, whose victims suffer death or personal injury, that are described in section 247 of title 18, United States Code,'' after ''includes''.

(2) PRIORITY IN CRIME VICTIM ASSISTANCE.—Section 1404(a)(2)(A) of the Victims of Crime Act of 1984 (42 U.S.C. 10603(a)(2)(A)) is amended by inserting ''victims who suffer death or personal injury resulting from crimes described in section 247 of title 18, United States Code, and'' before ''victims of''.

The SPEAKER pro tempore (Mr. NETHERCUTT). Pursuant to the rule, the gentleman from Illinois [Mr. HYDE] and the gentleman from Michigan [Mr. CONYERS] each will control 20 minutes.

The Chair recognizes the gentleman from Illinois [Mr. HYDE].

GENERAL LEAVE

Mr. HYDE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks on the bill under consideration.

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

There was no objection.

(Mr. HYDE asked and was given permission to revise and extend his remarks.)

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

Today we consider the Church Arson Prevention Act of 1996, H.R. 3525, legislation reflecting a bipartisan congressional response to the rash of church burnings that have occurred in recent months.

On May 21, the House Judiciary Committee conducted a hearing focusing on this problem. The committee, at that time, heard first hand from Federal and State law enforcement officials regarding the status of their various investigations. In addition, we heard some very compelling and emotional testimony from two black ministers representing affected African-American congregations.

During that hearing, the Department of Justice indicated that the principal statute used to prosecute church arson contains some significant defects that need to be remedied. Specifically, section 247 of title 18, damage to religious property, imposes an interstate commerce requirement that goes well beyond constitutional requirements. The current law says that the defendant must either travel in interstate commerce, or use a facility or instrumentality of interstate commerce and that the defendant must do so ''in interstate commerce.'' Thus, for example, it's not enough to use a telephone to help commit the crime—the call must go out of State. Another example would be a circumstance where the defendant uses public transportation to facilitate the crime—it would not be enough if that bus or train traveled interstate, the defendant must have used it in interstate commerce.

This highly restrictive and duplicative language has greatly limited the effectiveness of this law. The Justice Department has indicated that in the majority of these cases, the Government is unable to establish the commerce clause predicates required. Consequently, this statute is simply not punishing or deterring the very kind of misconduct it was originally intended to address.

Just 2 days after our hearing I introduced H.R. 3525, and was pleased to be joined in this effort by the ranking member of the Judiciary Committee, JOHN CONYERS. There are now 94 cosponsors of our bill. Today, under suspension of the rules, we will consider a manager's amendment to the bill as reported by the Judiciary Committee. That amendment contains additional provisions intended to assist in compensating the victims of these abhorrent acts.

Specifically, this legislation would broaden the jurisdictional authority of the Federal Government to seek criminal penalties in cases of damage to religious real property based upon whether or not the offense is in or affects interstate or foreign commerce.

This formulation replaces the interstate commerce requirement of current law, thereby simplifying and enhancing the ability of the Attorney General to successfully prosecure cases under Federal law.

The interstate commerce requirement is intended to avoid the problem identified in *United States* v. *Lopez,* 115 S. Ct. 1624 (1995), in which the Supreme Court struck down as unconstitutional legislation which would have regulated the possession of firearms in a school zone. In that case, the Court found that the conduct to be regulated did not have a substantial effect on interstate commerce, and was therefore not within the Federal Government's reach under the interstate commerce clause of the Constitution. H.R. 3525, by contrast, specifically limits its reach to conduct which can be shown to be in or to affect interstate commerce. Thus, if in prosecuting a particular case, the Government is unable to establish this interstate commerce connection to the act, section 247 will not apply to the offense.

The formulation of the interstate commerce nexus in H.R. 3525 is virtually identical to that found in section 844(i) of title 18, the Federal arson statute, which is limited to cover buildings ''used in interstate commerce or in any activity affecting interstate commerce.'' That statute, which was enacted in 1970, has been used to prosecute church arsons, thereby confirming our view that church arsons could be found to be in interstate commerce. *See, e.g., United States* v. *Norton,* 700 F.2d 1072 (6th Cir.), *cert. denied,* 461 U.S. 910 (1983); *United States* v. *Swapp,* 719 F. Supp. 1015 (D. Utah 1989), *aff'd* 934 F.2d 326 (10th Cir. 1991). In fact, the Supreme Court, in reviewing the legislative history associated with section 844(i), cited an amendment to the provision which was intended to expand coverage from just business property to ''a private dwelling, or a church or other property not used in business.'' *Russell* v. *United States,* 471 U.S. 858, 860–862 n.7 (1985). We are making the interstate commerce requirement of section 247 consistent with that of section 844(i) so as to ensure that the Federal Government has equal authority to prosecute damage to religious real property caused by something other than arson. Further, section 247 will permit prosecution of those who would intentionally obstruct any person in the enjoyment of his or her free exercise of religious beliefs.

Second, the manager's amendment eliminates the requirement of current law that the damage involved must be of a value of more than $10,000. When introduced, our bill would have reduced that amount to $5,000. In Committee, substitute language was adopted that eliminated the dollar threshold in its entirety. I offered this amendment because I have become convinced that a minimum dollar amount is not necessary to justify Federal involvement in these types of cases. That is, they are clearly hate crimes and implicitly interfere with the first amendment rights or civil rights of the victims. Spray painted swastikas on synagogues or gunshots fired through church windows may not reflect large dollar losses, but they are nevertheless assaults on religious freedom.

The manager's amendment also amends section 247 by creating a new subsection (c) which makes it unlawful to damage religious real property because of the racial or ethnic character of persons associated with that property. Current law requires that the damage be caused only because of the religious character of the property. Section 247, as amended by H.R. 3525, will firmly reach any attack of a church that is tied to the racial or ethnic characteristics of the members of the church or house of worship.

Because power to enact this subsection is found in the 13th amendment to the Constitution rather than the commerce clause, a showing that the offense is in or affects interstate commerce is not an element of a subsection (c) crime. Section 1 of the 13th amendment prohibits slavery or involuntary servitude. Section 2 of the amendment states, ''Congress shall have power to enforce this article by appropriate legislation.'' It is pursuant to this authority to enforce the 13th amendment, that Congress may make it a crime for persons to deface, damage, or destroy houses of worship because of the race,

color or ethnic origin of persons using the house of worship.

The leading Supreme Court case on Congress's authority to reach private conduct under the 13th amendment is *Jones* v. *Alfred H. Mayer Co.*, 392 U.S. 409 (1968). In Jones, Congress reviewed 42 U.S.C. 1982, which provides that, ''All citizens of the United States shall have the same right, in every State and Territory, as in enjoyed by white citizens thereof to inherit, purchase, lease, sell, hold, and convey real and personal property.''

The Court in Jones held that 42 U.S.C. 1982 barred private discrimination in the sale or rental of private property, and that Congress had authority under section 2 of the 13th amendment to reach private acts of racial discrimination. ''[T]he fact that section 1982 operates upon the unofficial acts of private individuals, whether or not sanctioned by state law, presents no constitutional problem.'' 392 U.S. at 438. The Court stated that section 2 of the 13th amendment gave Congress ''power to pass all laws necessary and proper for abolishing all badges and incidents of slavery in the United States.'' *Id.* at 439. The Court concluded in Jones that ''badges and incidents of slavery'' included racial restraints upon the holding of property, and therefore legislation that prohibited discrimination in the right to hold and use property clearly was encompassed within Congress's power to enforce the 13th amendment. *Id.* at 441. Subsequently, the Supreme court stated, ''[S]urely there has never been any doubt of the power of Congress to impose liability on private persons under Section 2 of [the Thirteenth] Amendment.'' *Griffen* v. *Breckenridge*, 403 U.S. 88, 105 (1971).

While 42 U.S.C. 1983 was enacted in 1866, Congress has used its authority to enforce the 13th amendment more recently. The 13th amendment was one authorization on which Congress relied when it enacted the fair housing provisions of the Civil Rights Act of 1968 (Public Law 90–284, approved April 11, 1968). *See* discussion in *United States* v. *Hunter*, 459 F.2d 205, 214 (4th Cir.), *cert. denied*, 409 U.S. 934 (1972); *Williams* v. *Matthews Co.*, 499 F.2d 819 (8th Cir.), *cert. denied*, 419 U.S. 1021 (1974). Like 42 U.S.C. 1982, some provisions of the Fair Housing Act prohibit discriminatory private conduct, and Congress in fact enacted both civil and criminal provisions addressing private discrimination. *See* 42 U.S.C. 3631 making it a crime for anyone, ''whether or not acting under color of law,'' to injure, interfere with, or intimidate anyone because of race, color, national origin, or religion in seeking to secure, or helping others to secure housing.

Accordingly, based on Jones versus Mayer, Congress may make it a violation of Federal criminal law to destroy or attempt to destroy a church because it is owned or used by African-Americans. Racially motivated destruction of a church would be no less a badge or incident of slavery than denial of housing based on race. Many of the victims of church arsons have been quoted recently as stating that the fires appeared to them to resurrect the days in which racial discrimination and intimidation was rampant. This legislation easily falls within the kind of private action Congress may reach pursuant to its authority to enforce the 13th amendment to prohibit private conduct that discriminates on the basis of race.

While this legislation might be targeted primarily at the recent increase in fires at churches owned by African-Americans, its reach is broad enough to include arsons or acts of violence motivated by bias directed at any racial or ethnic minority group, and at synagogue desecrations as well. In *Saint Francis College* v. *Al-Khazraji*, 481 U.S. 604 (1987), the Supreme Court stated that an individual of Arab descent could file a claim under 42 U.S.C. 1981, in which Congress guaranteed to all persons the same right to enter contracts ''as is enjoyed by white citizens.'' Section 1981, like 42 U.S.C. 1982, was enacted pursuant to Congress's authority to implement the 13th amendment. The court in Saint Francis College held that, when sections 1981 and 1982 were enacted in the mid–1800's, the persons who did not qualify as white citizens under the Congress's understanding of that term at the time included ethnic minorities. In *Shaare Tefila Congregation* v. *Cobb*, 481 U.S. 615 (1987), decided with Saint Francis College versus Al-Khazraji, the Supreme Court held, under the same analysis, that Jews were encompassed within the protections of 42 U.S.C. 1982.

These two cases establish that, in passing legislation to protect churches and houses of worship under its 13th amendment authority, Congress may reach attacks not only on churches owned by African-Americans, but churches owned or used by other minority groups, and synagogues as well. Congress's exercise of its authority to eliminate the badges and incidents of slavery easily supports legislation to make it a crime to deface, damage or destroy a house of worship because of the race, color, or ethnic origin of the person or persons who own or use the building.

Finally, the manager's amendment extends eligibility under the Victims of Crime Act to persons who have been killed or suffered personal injury as a result of a crime described in new section 247.

The arson of a place of worship is repulsive to us as a society. When a fire is motivated by racial hatred it is even more reprehensible. In my view there is no crime that should be more vigilantly investigated and the perpetrators more vigorously prosecuted than crimes of this type. We are dealing with depraved actions resulting from twisted and bigoted minds. It is important that this Congress move forward on this legislation to ensure that Federal law enforcement has the necessary tools to punish and deter these shameful, vile acts.

□ 1545

Mr. Speaker, I yield 1 minute to the distinguished gentleman from Virginia [Mr. DAVIS].

(Mr. DAVIS asked and was given permission to revise and extend his remarks.)

Mr. DAVIS. Mr. Speaker, as an American citizen, a Virginian, and a Member of Congress, I want to condemn in the strongest possible terms the epidemic of arson against churches that has taken hold across the southern States and elsewhere in our land. I am absolutely appalled that, after all this land has done to heal old wounds and guarantee fairness and justice to all Americans, there are some who still succumb to hate.

The deliberate burning of churches in our land for that has been occurring over the past 18 months is an outrage. It must stop. Those who perpetrate those acts of violence must be brought to justice.

This is one of those rare occasions when nothing short of the full resources of the Federal Government must be brought to bear. No single State government is strong enough to deal with crimes and possibly criminals that do not respect State borders. Penalties should be stiff and uniform. As I read reports of the latest of these incidents, I had the feeling that we have been down this terrible road before. Memory carried me back to headlines I remember reading in the decades in which I was growing up.

In 1958, a synagogue was bombed in Atlanta. President Eisenhower took to the airwaves and expressed his horror at the atrocity and contempt for those who committed it. The Nation recommitted itself to respect for all Americans and for freedom of religion. In 1962, a church was bombed in Birmingham. Four young girls were killed. The conscience of the Nation was aroused in anger and disgust.

President Kennedy spoke for us all when he said, ''If these cruel and tragic events can only awaken that city and State—if they can only awaken this entire Nation—to a realization of the folly of racial injustice and hatred and violence then it is not too late for all concerned to unite in steps toward peaceful progress.'' The Nation responded to his call. Action was taken then. Action must be taken now. This form of terrorism—like all the other forms that have become all too commonplace—must stop.

I commend President Clinton for his show of solidarity with those who have lost and are rebuilding their churches. I salute Representative HENRY HYDE for assembling a bipartisan coalition in Congress behind legislation that would make the willful and destruction of American houses of worship a Federal crime. I am proud to cosponsor his bill and support the managers amendment.

Efforts like these are bringing out the best of America. And it will be the

best of America that will bring these vicious cowards to justice. I said as I began, that I had the feeling that we had been down this road before. And we have. But this time there is a major difference.

This time, not just a handful of concerned local citizens, but entire communities have condemned these vicious acts and are working to bring their perpetrators to justice. This time, elected State and local officials are actively lending their support to those who have to suffer the effects of this violence. This time, they are working to solve crimes and bring about justice. This time, people of all faiths in every part of this Nation have offered their assistance to those who endured these tragedies and are working to achieve reconciliation among Americans of all faiths, races, and creeds.

I especially want to single out the Christian Coalition for its offer of a $25,000 reward for information leading to arrests and the neighborhood watches it has organized, the National Council of Churches for launching an appeal for funds for rebuilding, and the Southern Baptist Convention for its offers of assistance. Other organizations and denominations have also been stepping forward in great numbers. This time, the people of America stand as united as never before in their resolve to rid this kind of hatred in our land. They are bound and determined to succeed. And they will.

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

(Mr. CONYERS asked and was given permission to revise and extend his remarks.)

Mr. CONYERS. Mr. Speaker, we come here today because the Nation is in crisis, and the symptoms of that crisis have been reflected in these church burnings in mostly African American churches. It is to the credit of the Federal Government that we have reacted in a serious and, I think, swift manner, and I want to say that this legislation is the work product of all of us on the committee and that we have held hearings in the Committee on the Judiciary on May 21 in which we had a wide range of witnesses, both in the church and out of the church, in government and out of government, plus the law enforcement agency heads who were dealing with this matter.

Mr. Speaker, what we found out, that is to me one of the most single important matters to come out of this tragedy, is the fact that these burnings are not condoned by anyone, no one in the Congress, no one in the Senate. Our law enforcement agencies, both Federal and State, are united in trying to put an end to this scourge.

Mr. Speaker, I have been in the South on two occasions in which I saw this at the grassroots level, in which law enforcement officers were working very effectively.

In addition, I think we should lift up the name of the Assistant Attorney General for Civil Rights Deval Patrick for the excellent leadership that he has given and is giving as we move through this nightmare in American history.

Yesterday three more African-American churches were torched. It is pathological. It is the consequence of a lot of things we might have done otherwise. But on this one point we are all united.

The Assistant Secretary for Enforcement in the Treasury, Jim Johnson, has been before the committee and has told us what they are doing. John McGaw, the Director of the Alcohol, Tobacco and Firearms unit, has given us his report of what is going on. The Director of the Federal Bureau of Investigation, Louis Freeh, through his representatives, have worked completely. We have more than 200 investigators on the ground working full-time on this matter as we speak.

It is a difficult crime for all the obvious reasons, but we are united. We are working closely with State and local law enforcement officers as well. And so we are here today as a combined unit in agreement that the church arson law on the Federal books has to be made effective to be operable.

Our chairman, the gentleman from Illinois [Mr. HYDE], has explained in perfect detail precisely what we have done to facilitate the implementation of this Federal statute which has lain fallow, actually, up until now. So I am very pleased about what is going on and the resources that are being committed to continue the law enforcement side of this.

I must say that at that hearing on May 21 the president of the Southern Christian Leadership Conference, Dr. Joseph Lowery, urged us to do what we have done, move swifter, move faster, move more effectively. I think that he will agree that we have listened to his comments and are following them with as much speed as the bureaucracy can work.

Then I want to lift up the name of Rev. Jesse Lewis Jackson who has done a marvelous job of trying—well, he has done two things. The first thing he has done is to speak sensibly and in a teacher way about the problem, and the second thing he has done is try to do this healing that has been referred to by the President.

Now, how do we heal a nation that is coming out of a history of racism? It is not just done by words or sermons or speeches from on high. But, as my colleagues know, I believe that we have struck a nerve in the American body politic that has led us all to say enough of this kind of foolishness.

The conservative Members of the Congress came to the members of the Congressional Black Caucus to join together even before we had the hearings to urge, and they met with the law enforcement officials of the Federal Government and urged with us that they move as swiftly as they can, no holds barred, get whoever is at the bottom of this, if it is individuals, whatever, let us deal with it in a way that reflects the understanding and common sense and leadership that should be expected of the Federal Government.

Mr. Speaker, I want to say as one Member of this body that this Government has made me proud. This membership in Congress has made me proud because this is the most sensitive thing in the American body politic right now. When in God's name are these few people out there going to turn away from this kind of pathological conduct?

But we are doing all we can on this side. Oh, yes, there is more to be done. These kinds of problems are not healed by a bill, but it is my privilege, as the ranking member of this committee, to commend to all of the Members and the staffs, Alan Coffey and the other members, Julian Epstein Melanie Sloan, and Diana Schacht and all of those that have been working with us for a job well done.

Mr. Speaker, I reserve the balance of my time.

□ 1600

Mr. HYDE. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from North Carolina [Mr. HEINEMAN].

(Mr. HEINEMAN asked and was given permission to revise and extend his remarks.)

Mr. HEINEMAN. Mr. Speaker, today, Congress has its opportunity to speak out against the ignorant and cowardly actions of the antireligious bigots who participated in burning the churches of both black and white Americans. Unfortunately, as a former law enforcement officer, I have witnessed firsthand the horror of both the burning and desecration of sacred houses of worship. Nothing can be more devastating to people than to see the very foundation of their existence go up in flames. Black Americans have always centered their hope and aspirations around God and their respective churches. I have seen this myself. The destruction of these institutions tears the very fabric of our society and dashes hope for the future. Likewise, the desecration of synagogues is a grim reminder of the Holocaust and is a painful reminder of the tragedies of the past.

We, as a nation and as a Congress, must now allow this to continue. This bill is a proper response to these cowardly acts. This bipartisan legislation will truly make a difference. It will enable the Federal Government to more easily prosecute those who commit these heinous crimes and impose stiff and appropriate criminal sanctions.

Americans have always stood for God and country. Americans have always supported each other in times of need. Today is one of those times. Let us all stand together in this matter and put an end to this madness. If we fail to adequately deal with these tragedies, then we, as representatives of all the people, are not doing our sworn duty. I thank the chairman of the committee, the gentleman from Illinois [Mr. HYDE], and my colleague, the gentleman from Michigan [Mr. CONYERS],

for sponsoring this legislation, and I urge my colleagues to give their full support to this bill.

Mr. CONYERS. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina [Mr. WATT] in whose State there have been church arsons.

Mr. WATT of North Carolina. Mr. Speaker, I want to commend the chairman of the committee, the gentleman from Illinois [Mr. HYDE], and the ranking member, the gentleman from Michigan [Mr. CONYERS], for proposing this legislation, and encourage my colleagues to vote unanimously in support of it.

There are two important reasons for this legislation, the first of which is a practical reason. When I appeared on the scene at Matthews Merkland, and the investigation was proceeding of that church burning in Charlotte, NC, we had representatives of the Federal Alcohol, Tobacco, and Firearms division, we had representatives of the State Bureau of Investigation, we had representatives of the local law enforcement officials, and representatives of the local fire department.

But for the fact that that church had been completely destroyed, there is some question about whether the Federal authorities could have been there at all. If the amount of damages had been minimal, there would have been some question about whether they could have even gone to investigate the fire, despite the terrible nature of it and everybody's suspicion that it could have been racially motivated. So this legislation, on a practical level, will get us beyond that. It was a wonderful sight to see all of the law enforcement authorities there in a spirit of cooperation, trying to bring their resources to bear on this tragedy, and in that particular situation it led to a very quick arrest.

The second important reason is a symbolic reason. That is that we need to make a statement of our outrage about these church burnings. This legislation will enable us to make that statement to the American people that this kind of conduct is totally outside the bounds, is unacceptable in a democratic society. I encourage my colleagues to support this legislation.

Mr. HYDE. Mr. Speaker, I am pleased to yield 1 minute to the distinguished gentleman from Illinois [Mr. FLANAGAN].

Mr. FLANAGAN. Mr. Speaker, I rise in strong support of H.R. 3525, the Church Arson Prevention Act. In a country that was founded on the principle of religious freedom, crimes against religious property are particularly repugnant. The recent wave of church burnings that has occurred, predominantly against black churches in the South, is reprehensible.

This legislation greatly enhances the ability of Federal law enforcement authorities to prosecute crimes against religious property. Presently, there must be at least 10,000 dollars' worth of property damage before a crime against religious property can be federally prosecuted. This bill eliminates that minimum requirement. Even a penny's worth of damage would now be enough for Federal prosecution. This is as it should be.

Also, victims of church burnings or other types of religious property destruction will now be able to receive compensation from the violent crimes trust fund that was established by the 1994 Violent Crime Control and Law Enforcement Act. Surely, you are a crime victim when your sacred placed of worship is burned to ashes. Compensation is but one small thing we can do to help alleviate the pain for those who have seen their houses of veneration destroyed.

This legislation takes many other actions that will make it easier for Federal investigators to track down those who are maliciously destroying our houses of worship. We must ensure that those who have committed these heinous crimes do not escape punishment. This legislation will help bring those responsible to justice. I urge my colleagues to give the Church Arson Prevention Act their full support.

Mr. CONYERS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE], a sterling member of the Committee on the Judiciary, in whose State there have been church burnings.

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the ranking member for his kindness in yielding to me, and particularly for his leadership and, as well, the chairman of the Committee on the Judiciary, the gentleman from Illinois [Mr. HYDE], for the expeditious manner in which we move toward hearings and then now have come to the House floor to speak on behalf of the American people.

There is nothing more tragic than burning houses of worship, no matter what color, what religion. I am grateful that this Congress will say to America, enough is enough, for since 1995 we have had now more than 40 of these burnings, most recently those in my home State of Greenville, TX.

Let me also applaud the NAACP and the group of ministers with which I had the opportunity to join just yesterday in Houston, who likewise met with FBI agents and other Federal officials to assess and be able to indicate their consternation with these tragedies that are occurring.

Mr. Speaker, I believe this legislation is right-headed and right-footed, for it says to the perpetrators, we are going to get you. There is nothing wrong with that, when those who violate the law come to justice, and that we untangle the hands of prosecutors so they can do their job and ensure that those who would worship under the first amendment in the Constitution would not be blighted.

But let me say something for all of us to hear. It is important to recognize that with this legislation we cannot rebuild churches and men's hearts. We must recognize that we must take away from the anger of this Congress on affirmative action and resegregating us with respect to busing questions; and realize, America, that we must bring this country together. We must stop the ugly talk and recognize that we are all of one human family.

I enjoy America when we stand together. I would hope that all of the church families that I have already heard from will likewise understand that this is not just another whining on behalf of African-Americans in this Nation, but this is in fact an opportunity that we understand, that we stand under one flag, and yes, one belief; that is, in a higher authority that believes in love and sharing and the respect of human dignity.

It is time for all denominations to rise up with us to stand against these atrocities, and yes, this Congress cannot stop with this legislation, we must ensure that we heal this Nation with the kind of legislation that says that we stand against church burnings but we stand for America as one family, supported, for all.

So I thank those who have proposed this legislation, and Mr. Speaker, I would hope that my colleagues will support wholeheartedly H.R. 3525.

Mr. Speaker, I rise in strong support of one of the most important pieces of legislation before this House in recent memory. There are few issues that we can debate that are more significant than issues of racial equality and freedom of religion. This bill will aid prosecutors in bringing an end to the many church burnings that have occurred across the country in the past year and a half. We simply cannot return to the reign of terror that existed in the 1960's. We simply cannot risk innocent citizens being harmed like the horrible incident at a Birmingham church in 1963.

Since 1995 alone, there have been more than 40 incidents of the burning and desecration of African-American churches including two in my home State of Texas. In fact, two churches were burned in Mississippi last night. As evidenced by these numbers, there is no doubt that many of these fires have been and continue to be racially motivated. Before loss of life occurs we must end this siege on the Constitution.

The legislation before us today aids law enforcement officials by making it easier to prosecute those who would commit such heinous acts. It amends existing law by providing that anyone using weapons, explosives, or fire damaging property on the basis of its racial or ethnic consideration regardless of the dollar amount of the loss will be prosecuted to the full extent of the law—10 years in prison.

As this plague continues to rapidly grow, it is time for this House to act and help our Nation's enforcement personnel end this reign of terror against our citizens based on race and religion. I urge my colleagues to strongly support this bill and send it to the Senate so that the President can sign this bill as soon as possible. Our swift movement on this bill may help save more communities from suffering these devastating losses.

Finally, I would like to thank Howard Jefferson of the NAACP, President J.J. Roberson of

the Baptist Ministers Alliance, Minister Robert Mohammed of the Nation of Islam, Bishop Guillary of the Houston/Galveston Catholic Diocese, and Rev. Ed Young of Second Baptist Church, local and Federal law enforcement authorities, and many other clergy and community leaders for their leadership on this issue in our great city of Houston, TX. Their message was that we will not tolerate these hateful acts. I was proud to stand with them in their effort of unity.

Mr. HYDE. Mr. Speaker, I am pleased to yield 30 seconds to the gentleman from Florida [Mr. CANADY], the distinguished chairman of the Subcommittee on the Constitution of the Committee on the Judiciary.

Mr. CANADY of Florida. I thank the gentleman for yielding time to me, Mr. Speaker.

Mr. Speaker, I rise today in support of the Church Arson Prevention Act. Recently Americans have watched in horror as houses of worship have gone into flames, igniting new fears and suspicions and fomenting fires of hatred in our Nation. This tragedy, which has hit primarily African-American churches, calls for immediate action. The Church Arson Prevention Act will help by enabling Federal prosecutors to bring the perpetrators of these crimes to justice.

I want to commend the gentleman from Illinois [Mr. HYDE] for his swift action on this issue, as well as the gentleman from Michigan [Mr. CONYERS] for his work on this important issue. I urge my colleagues to vote yes on this important bill.

Mr. CONYERS. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania, Mr. THOMAS FOGLIETTA, one of the distinguished Members who have worked on civil rights matters across the years.

Mr. FOGLIETTA. Mr. Speaker, I join my colleagues to express my horror at the recent string of church fires across the South. More importantly, we join together to do something about it. There have been more than 37 suspicious fires in black and multiracial churches in small towns across America in the last 18 months, 7 in the last 2 weeks, including 2 in the last 2 days in Mississippi.

For the past year we have debated about the role of government. Government is brave men and women putting out fires in communities, it is police officers and the Justice Department fighting to stop crime. The effort we announce today is a good example of how government, the private sector, and people can join together to accomplish a common goal. Government works. Government works when people like President Clinton step up to the bully pulpit and turn this issue into a national challenge, and teaches us that we have to return to the value that made our country so strong, that we have to fight the fire of hate that drove people to commit these outrages.

Government works when my colleagues and I come together to create the energy of firefighters to help people prevent church arsons. As one minister put it, someone who is trying to do us harm in one sense really has done us a lot of good. These fires have drawn people together, both black and white. These acts of hatred have been transformed into gestures of love.

I ask my colleagues to support the proposed amendment by the gentleman from Illinois [Mr. HYDE] and the gentleman from Michigan [Mr. CONYERS], H.R. 3525, so together we can find these criminals and put an end to this madness. Together we can and must write an end to this horrible chapter in our Nation's history.

Mr. HYDE. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from Georgia [Mr. BARR].

Mr. BARR of Georgia. Mr. Speaker, I thank the distinguished chairman of the Committee on the Judiciary, on which I am proud to serve, for yielding time on this important piece of legislation.

Mr. Speaker, I would like to commend the chairman of the Committee on the Judiciary for looking at this matter in the light it ought to be, to take a very learned, very dispassionate, but passionate look at whether our Federal laws are indeed sufficient to address the problem presented to the American people by the rash of church burnings, white and black alike, across our country, particularly in my part of the country, the southern United States.

Rather than seek out photo ops, rather than talk about this in partisan terms, rather than try and score headline victories over other folks, the gentleman from Illinois, Chairman HYDE, has done it the old-fashioned way, professionally and according to the laws of our land.

I would like, though, also, Mr. Speaker, to caution all of us as we look at this piece of legislation, or really perhaps as we look at other pieces of legislation, because none of us, including myself, dispute the need for this legislation, but to keep in mind that the commerce clause of our Constitution is not infinitely elastic, and we need to look at these pieces of legislation to ensure that there is a proper and firm foundation in the appropriate provisions of our Constitution for the laws that we seek to enact.

While the commerce clause is very broad indeed, it is not, as I have said, infinitely elastic, and we have to be careful, because when it breaks, it will snap fairly hard. We do need to keep that in mind, because we do not want to pass important legislation such as that before us today and find a problem later on, which I do not believe we have with this piece of legislation, Mr. Speaker; but again, I would caution all of us here to be very mindful of the limitations of the various clauses of our Constitution, including particularly in this case, since we are amending the applicability and the reach of this legislation by way of the commerce clause, to be very mindful of those principles of Federalism which all of us certainly on the Committee on the Judiciary, on our side of the aisle, adhere to and support very strongly.

Again, in closing, Mr. Speaker, I appreciate the opportunity to speak today and commend the chairman of the Committee on the Judiciary, and I urge support for this important piece of legislation.

Mr. CONYERS. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from Texas, Mr. KEN BENTSEN.

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I rise in very strong support of H.R. 3525, the Church Arson Prevention Act of 1996, in hope that it will end these acts of cowardice against churches in my home State of Texas and across the South. It is unfortunate that in the late 20th century hate crimes still exist in our society.

Mr. Speaker, H.R. 3525 sends a strong message that these actions will not be tolerated by the Nation, and that our will is stronger than the hatred from which they are born. This legislation brings to bear the full authority and resources of the Federal Government in stopping the arson and bringing the perpetrators to justice. The Federal Government will be a full partner with State and local authorities in this effort. These criminals must be brought to justice and their message must be exposed for what it is: ignornance and hatred—the most un-American of values. One of the founding principles of our Nation is the freedom to worship as we choose, and any attempt to deny someone that right must be stopped.

If anything positive can be gained from these acts, it is that people of good conscience, of all races and creeds, have come together to help the affected congregations and to prevent the further spread of these acts. It's unfortunate that it took something of this magnitude for us to come together, but I want to applaud these efforts. Organizations like the National Trust for Historic Preservations and the Anti-Defamation League have come forward and offered their assistance, along with many others.

Finally, Mr. Speaker, I want to commend the gentleman from Michigan [Mr. CONYERS] and the gentleman from Illinois [Mr. HYDE] for their leadership on this issue. Today we send a strong message that while we in Congress can disagree on many things, we stand united against hatred and ignorance.

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Mr. HYDE. Mr. Speaker, I yield 1 minute to the distinguished gentleman from New York [Mr. WALSH], the chairman of the District of Columbia Appropriation Subcommittee.

Mr. WALSH. Mr. Speaker, I thank the distinguished gentlemen from Illinois and from Michigan for bringing this important piece of legislation to the floor.

Mr. Speaker, I rise in strong support of this bill. I rise today to condemn the

arson fires in African-American churches. The good people of central New York whom I represent know that when you see a wrong committed, you must speak out. On their behalf, I want to protest the violence, express our disgust with the hatred, and offer our hand in peace.

As we publicly stand with black Americans we hope to show people of violence one thing—that it is they who are in the minority. It is they who will be overcome. It is we, the majority, the peacemakers, black and white, who will inherit the Earth.

Hatred that spawns violence is not natural or normal. It is foreign to us at birth. We see that the children do not hate. They do not segregate themselves. They do not act violently toward others of a different skin color—unless they are taught. We can learn from the children. In fact, we must if we are to survive as a great civilization.

Today, as the fire investigation continues, I want to say to my friends in this Chamber who are African-American, and to my friends back home, please continue to have faith that most Americans do not hate.

With you, we are the majority in the greatest country on Earth. No purveyors of hate or prejudice will take that from us.

Mr. CONYERS. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, I thank the gentleman from Michigan and the gentleman from Illinois for bringing this legislation forward.

Mr. Speaker, I rise in strong support of the Church Arson Prevention Act and urge its immediate adoption. Just last night, two more southern churches were burned to the ground—these tragic losses add to the mounting list of over 30 suspicious fires at black and multiracial churches in communities across the South in the past 18 months.

Yesterday, I stood with religious and community leaders in New Haven, CT, to condemn these tragic fires that have destroyed sacred sites—built on faith, hope, and love—and to stand in solidarity with the victims of these heinous crimes.

This vital measure makes it a Federal crime to deface or destroy religious property and makes it easier to prosecute church arsons. Most importantly, the passage of this bill will give comfort to the victims of the fires—it will speed the healing process and assist with rebuilding of the churches and the communities that have been scarred by these violent and hateful acts.

Mr. HYDE. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Indiana [Mr. MCINTOSH].

Mr. MCINTOSH. Mr. Speaker, I rise in support of H.R. 3525, and I want to commend Chairman HYDE and his committee for their good work on this bill. It in some measure allows us to renew that great dream of Martin Luther King's that blacks and whites can once again walk together in this country blessed by God in a land of freedom.

In the court case United States versus Lopez, Justices Kennedy and O'Connor opined that the political branches of government must fulfill grave constitutional obligation to delineate the democratic liberty and federalism and distinguish where the power to enact laws comes from.

In light of that admonition, I must express my sincere doubt regarding the claimed commerce clause justification for this act. I do not believe that a mere change of wording will allow us to preserve the act from constitutional challenge. However, I will vote today to support this bill because it is a very good bill and a necessary bill and because I believe it is one of the rare instances when it is within our express authority under section 5 of the 14th amendment to enact such legislation. It is very clear that this arson which is addressed by this bill dramatically interferes with the religious liberties protected by the first amendment that the States have failed to adequately protect for minorities.

With this nexus, I want to commend the committee for bringing this bill to floor today and urge all of my colleagues to vote for it so that we can send a message to all Americans that this Congress will not stand for these heinous acts of church burnings throughout the South or in any other part of our land.

Mr. CONYERS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Maryland [Mr. CUMMINGS].

(Mr. CUMMINGS asked and was given permission to revise and extend his remarks.)

Mr. CUMMINGS. Mr. Speaker, I thank the gentleman from Michigan and Mr. HYDE for their leadership in bringing this important piece of legislation to the floor in such a timely manner.

Mr. Speaker, the burning and defamation of places of worship across the South have shaken and angered me to the core. These are atrocities that will not go unpunished. This legislation gives prosecutors the tools to punish the cowardly perpetrators of these heinous crimes.

The church for African-Americans is more than a place of worship. It is a symbol of hope and the bedrock of our community. Like the generations of family and friends before us, we find comfort, hope, and faith in our churches.

Mr. Speaker, it is 1996 and still racism exists. But the Members in this Chambers have chosen to fight these injustices. These gutless acts will not have their intended effect. They will not dissuade us from fighting bigotry and intolerance.

I am pleased to support this legislation, which will facilitate Federal prosecution of arson cases and I urge its swift passage.

Mr. HYDE. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Texas [Mr. STOCKMAN].

Mr. STOCKMAN. Mr. Speaker, I thank the chairman for bringing this bill forward.

I would like to take just one quick moment here to try and put a human face on this. I do not know if you can see this, Mr. Speaker, but in Saturday's paper it discusses how the pastor of a church in Galveston, TX, had his church burned down and to this day has not rebuilt his church and to this day they have not found the perpetrators. This was in our district which, quite frankly, has been a very peaceful, harmonious district, and I would like to point out for the record and like to submit this for the RECORD that this is something that we need to put a human face on. These are people who have lost their church and we do not know why or what is going on in this Nation that has turned its people against churches but, Mr. Speaker, I want to thank the gentleman for offering this bill and I stand fully behind it.

Mr. Speaker, I wish to thank the chairman for bringing this bill forward and I rise in strong support of H.R. 3525—the Church Arson Prevention Act.

It is time we put a human face on the epidemic of church burning. I do not know if you can see this, Mr. Speaker, but last Saturday, the Galveston Daily News ran a story about the destruction of the Island Baptist Church. This little church burned down nearly 2 years ago. The perpetrators of this horrible act have not been found and the church pastor, James Booth, has not yet been able to rebuild his church. I want to submit the story of Pastor Booth, as it appears in the Galveston Daily News, for the RECORD.

Again, it is time we put a human face on the epidemic of church burning. Pastor James Booth is a real person, and members of his congregation are real people. The burning must stop. He and other religious leaders have suffered enough. This bill is necessary to make easier the Federal prosecution of church burners. It is extremely important that the Justice Department pursue church burners diligently.

The destruction of churches isn't a black catastrophe, it isn't a white catastrophe, it's a religious catastrophe. These are crimes against people of faith and those who worship. We must do what we can to stop these heinous crimes.

I implore my colleagues to support this bill. The citizens of Galveston and Pastor Booth are entitled to justice. All victims of church burners are entitled to justice. This bill should be passed by Congress and signed into law immediately. I want to thank the gentleman for offering this bill and I stand fully behind it.

BURNED CHURCH WINS CONGRESSMAN'S SUPPORT

(By Chad Eric Watt and Wes Swift)

GALVESTON.—U.S. Rep. Steve Stockman has asked his colleagues to remember a Galveston church torched by arsonists in 1994.

The Island Baptist Church, which was at 9 Mile and Ostermayer roads, burned Dec. 22, 1994.

The predominantly white Southern Baptist congregation is rebuilding at 8 Mile and Stewart roads.

''Pastor (James) Booth has not yet been able to rebuild his little church on Galveston Island,'' Stockman said Thursday night on the floor of the House of Representatives.

''He did not receive much attention from the media because when his church burned down, it was not then fashionable to talk about burning churches.''

Stockman and other members of Congress expressed concern in a March 1 letter to the U.S. Attorney General.

''We brought this to Janet Reno several months ago,'' said Cory Birenbaum, a spokesman for Stockman.

In the letter, the congressmen asked Reno to direct the Justice Department to help local authorities catch those setting the fires.

''The burning of churches has become a fashionable crime, with news reports possibly contributing to imitative acts of violence,'' the letter states.

Governors of Southern states have been invited to the White House next week to discuss strategy for coping with a rash of suspicious fires at predominantly black churches.

By early next week, the Bureau of Alcohol, Tobacco and Firearms hopes to have details of fires at 33 black churches and 23 non-black churches since Jan. 1.

Civil rights groups tracking church burnings in the South said they have found few examples of white churches being attacked.

''If white church fires were on the increase, with racism as a reason, we'd be on it in a heartbeat,'' said Angie Lowry of the Montgomery, Ala.-based Southern Poverty Law Center, which studies racial issues.

''I'm not seeing it here in Alabama, and we're not seeing it anywhere else.''

Booth said the church burnings reflect a sickness that crosses ethnic boundaries.

''My feeling is not that these burnings are racially motivated—as it was by anger in general,'' he said ''It's not a race issue. It's the attitude of people in general. It's a very poor condition.''

Booth's wife, Ruth Ann, said she was alerted to the mention of their church by a stranger in Modesto, Calif., who saw Stockman make his statements on cable television.

''We had had troubles with vandalism there,'' Mrs. Booth said.

No one has been arrested in connection with the fire.

Ruth Ann Booth said fire investigators traced the source of the fire to a closet near the church's front entrance. Empty beer cans were found near the entrance.

James Booth said he understands the pain other congregations are going through.

''It's a lot of emotional stress,'' he said. ''To see something that means so much to you like a church go up in flames . . . it's very painful.''

Mr. CONYERS. Mr. Speaker, I yield 1 minute to the gentlewoman from North Carolina [Mrs. CLAYTON], who has worked on this matter with a great deal of commitment.

(Mrs. CLAYTON asked and was given permission to revise and extend her remarks.)

Mrs. CLAYTON. Mr. Speaker, I rise in support of H.R. 3525, the Church Arson Prevention Act of 1996.

This bill would amend title 18, the criminal title of the U.S. Code by facilitating prosecution and increasing penalties against those who would do violence to houses of worships.

We have all been concerned over the disturbing trend of African-American church burnings, two a month over the past 18 months, and three more this past weekend.

This bill will address that alarming trend.

But, there have also been other acts of violence directed at houses of worship, such as vandalism, desecrations, and even drive-by-shootings.

This bill will address that alarming trend as well.

The bill makes clear that it is a Federal crime to deface or destroy religious property for racial, ethnic, or religious reasons.

More importantly, the bill removes the current requirement that the offense cause at least $10,000 in damage—a threshold that has made it very difficult to prosecute such cases in the past.

And, the bill makes victims of religious property defacing or destruction eligible for compensation under the Victims of Crime Act.

This provision is important as many churches seek to rebuild following the rash of destruction, particularly the church burnings.

I am exploring other ways in which the Federal Government can make communities whole when faced with these crimes, especially ways we can help in the rebuilding of churches.

Two more suspicious church fires occurred over the weekend, including another fire in my State of North Carolina.

While I am proud of bipartisan efforts that have been undertaken by the House, we must continue those efforts.

Congress must be eternally vigilant in speaking out now against these intolerable acts.

Those who perpetrate these misdeeds must know that our will to stop them is stronger than their will to continue.

I urge my colleagues to support this bill.

Mr. CONYERS. Mr. Speaker, I yield 30 seconds to the distinguished gentlewoman from the District of Columbia [Ms. NORTON].

Ms. NORTON. I thank the gentleman for yielding time, and I thank the chairman and the ranking member for their alacrity in moving this bill forward.

Mr. Speaker, as a student member of the Student Nonviolent Coordinating Committee in the South during the civil rights movement I remember no time when there was a rash of church burnings. We have enough polarization in this society. We do not need the ultimate polarization, the burning of places of worship. You have restored confidence in the rule of law for many Americans. You have said through this bill that we are still committed to eliminating racism, and I thank you.

Mr. CONYERS. Mr. Speaker, I yield 30 seconds to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, I went to the Second Baptist Church in Long Branch, my hometown, last Sunday to talk to a very concerned crowd about why this legislation is so important.

It is time to relentlessly investigate and swiftly prosecute perpetrators of these crimes. We must have a public outcry condemning these mindless church burnings, and it must be bipartisan and multiracial. Those people who gain politically and financially from fueling hatred in our society today should recognize the effects of their words.

I say to those who perpetrate these heinous crimes that the days of the night riders are over. The days when African-Americans had to take cover by nightfall in hopes of seeing another day are over. This country will not go back to a time when hatred and intimidation through terrorism was the law of the land.

Mr. HYDE. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from South Carolina [Mr. INGLIS].

Mr. INGLIS of South Carolina. I thank the chairman for yielding time.

Mr. Speaker, I rise in strong support of this bill and congratulate the chairman and the ranking member for moving this bill to the floor so quickly.

I think it is important to note two things. First, is the importance of this bill, that it will give us the opportunity as a Federal matter to get at these people who would desecrate houses of worship and really seek to destroy a great deal of the social fabric of our communities. So I think it is important to get this bill accomplished and get it passed so that we can get at a successful prosecution of these folks.

The second thing I think is important to point out is that there is a message of reconciliation and hope in this. It is a message that Terrence Mackey, the pastor of the Greelyville church that President Clinton visited last week, is so good at putting forth, and that is that in the face of this hateful act, people like Pastor Mackey are presenting a message of forgiveness and hope.

That, I think, will get at the deeper problem, because we know that this legislation will be a significant help to Federal prosecutors but we know that underneath this, there is a deeper problem and it is a problem in the heart of humankind. That problem, I think, can only be overcome by people like Pastor Mackey preaching that message of forgiveness and hope. That is the hope of reconciliation. I hope his voice is one that is heard loudest as we go through this process of dealing with the rebuilding and hopefully of the successful prosecution, as well, because of this bill, of the people who would perpetrate these hateful acts.

□ 1630

Mr. CONYERS. Mr. Speaker, I yield 30 seconds to the gentleman from Louisiana [Mr. FIELDS] in whose State there have been arsons.

Mr. FIELDS of Louisiana. Mr. Speaker, I thank the gentleman from Michigan for yielding me the time, and I want to thank the gentlemen for his leadership. I also want to thank the gentleman from Illinois on the other side of the aisle [Mr. HYDE] for this very important matter and also for bringing to it the floor.

Mr. Speaker, the burning of churches in this country is unacceptable and will not be tolerated in any shape, form or fashion. This legislation will give Federal prosecutors the tools they need to prosecute those perpetrators of the crime to the fullest extent of the law.

Mr. Speaker, I come from a State that has witnessed over five burnings in the past 4 months, four in one night alone. I want to thank the gentleman from Michigan and thank the gentleman from Illinois for bringing this very important piece of legislation to the floor and would like to say in no uncertain terms that this Congress will not tolerate individuals burning churches.

Mr. HYDE. Mr. Speaker, I yield 30 seconds to the gentleman from Michigan [Mr. CONYERS], and I ask unanimous consent that he be permitted to control that time.

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

There was no objection.

Mr. CONYERS. Mr. Speaker, I thank the gentleman from Illinois [Mr. HYDE] for his generosity, and I yield 30 seconds to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Speaker, I thank the gentleman for yielding me the time.

I thank the chairman of the committee, Mr. HYDE, for yielding and both of my colleagues for bringing this matter to the floor and rise in strong support of this legislation. I join those of our colleagues and so many across the Nation who have voiced their strong, strong objection to those who would take actions of violence against our houses of worship in this country and hope that this legislation will be some small beginning in mending these horrible actions against the churches in the South and elsewhere.

I thank the gentleman for bringing this legislation to the floor.

Mr. CONYERS. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I would just like to conclude the time that has been afforded us on this side by reminding all of our colleagues that the President of the United States has involved himself in this matter in a very important way.

First of all, he urged that there be some legislation that could deal with this subject matter. Then he used his weekly radio address to direct to the Nation the deepness of the injury that these kinds of attacks on churches commit. Then he went to the South himself, and tomorrow he will be meeting with Governors of the several States. I think the President of the United States has handled this at the Federal level remarkably well.

Mr. HYDE. Mr. Speaker, I yield the balance of my time to the distinguished gentleman from Oklahoma [Mr. WATTS].

Mr. WATTS of Oklahoma. Mr. Speaker, I thank the chairman for yielding me the time.

Mr. Speaker, in the last week, churches have burned in North Carolina, Texas, Oklahoma, and Georgia. Fires are destroying our houses of worship like an unchecked scourge. With each fire, we have all felt the loss because any church that is burned in our church, for every house of worship is a symbol of our faith in God and our right to worship according to the dictates of our own conscience.

As evil as these church burnings are, we must avoid becoming consumed by our anger. For as Dr. Martin Luther King, Jr., taught us, darkness cannot drive out darkness, only light can do that. Hate cannot drive out hate, only love can do that.

To begin to heal, to drive away the darkness, we must bring back the light, the light of love, the light of hope. First we must apprehend those who are responsible for the fires and prosecute them to the full extent of the law. This bill will help to do that.

Second and more importantly, we must come together to rebuild our churches and communities. Our actions must show the world that we will not sit idly by when the unity and religious freedom of our nation are attacked.

Mr. Speaker, I commend the gentleman from Illinois, Chairman HYDE, and the gentleman from Michigan, Mr. CONYERS, for producing H.R. 3525. I call on the House to pass this bill unanimously to send the strongest possible message that this Congress will do all within its power to stop the fires and help the healing again.

Mr. HYDE. Mr. Speaker, I yield myself the remainder of my time.

Mr. Speaker, I am very pleased that we have had an interesting and good and full debate on this important issue. Burning a church is about as rotten, reprehensible an act as anybody can do, and I hope this law helps in the identification and severe punishment of the perpetrators.

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

Mr. BEVILL. Mr. Speaker, I rise today to express my deep concern about the alarming rash of fires that have destroyed or badly damaged at least 34 black churches across the South. There is a lot of speculation about who may be behind these arson attacks and whether racism is involved. I am confident that the perpetrators of these crimes will be caught and brought to justice. Their punishment should be severe.

Strong legislation is moving through Congress to give U.S. attorneys clear jurisdiction to prosecute church arson suspects. I will support this bill when it comes to the House floor. There should be no misunderstanding that these attacks are of national concern.

These crimes show a blatant disrespect not only for the people who worship at these churches, but also for their faith itself. Churches are sanctuaries of faith. They are houses of God and they should be respected. How would you feel if someone burned down your church? I know how I would feel. I would be hurt and outraged. I would want something done about it.

It is a sad commentary on our society when any place of worship is vandalized or destroyed. This goes for the burning of churches as well as the spraying of Nazi graffiti on synagogues.

The very principles upon which our Nation was founded are at stake here. The Pilgrims who braved rough seas and harsh winters to find a new life in America came here to find a place to worship freely. They came to escape religious persecution.

That's why our U.S. Constitution guarantees the right to freedom of religion in the first amendment. Most of us would interpret that right to mean that we can worship without fear.

When crimes are committed against places of worship—even in the dead of night—it creates an atmosphere of distrust and fear. God-loving, law-abiding citizens don't wish that on anyone, regardless of their religion or their race.

I am glad to see the Congress and the administration stepping forward to address this issue. And, I want to commend NationsBank Corp. for pledging to pay $500,000 for information leading to the arrest and conviction of those responsible. This sends a strong message that the corporate community in the South is equally concerned about these crimes.

I am also glad to see that the National Trust for Historic Preservation has added southern black churches to its list of ''most endangered'' historic places. The support offered by the trust will go a long way toward helping affected communities to heal.

I pray that this rash of attacks on Southern churches will end now and that a sense of safety and sanctity will be restored to these places of worship.

Mr. HOYER. Mr. Speaker, I rise today in strong support of H.R. 3525, the Church Arson Prevention Act. I want to commend Mr. HYDE and Mr. CONYERS for proposing this bill which was introduced in response to the tragic church fires which have destroyed over 30 black churches throughout the South over the last 18 months. Enough is enough. The time has come to step up our efforts, and we must take more action to assist Federal, State, and local authorities in preventing and investigating these fires.

I want to add my voice in expressing strong displeasure with those who seek to evoke fear and promote hatred by engaging in these acts of cowardice. This type of behavior tears at the very fabric which holds this Nation together. It is important that we do what is necessary to put an end to these unacceptable actions. As a Nation which prides itself in furthering liberty, equality, and justice for all, conduct of this nature cannot and will not be tolerated.

There is no institution more sacred than a house of worship. I am appalled and outraged that any person would desecrate an institution which fosters religious freedom, a right guaranteed under the Constitution of the United States. The church serves as the foundation of good, hope, and prosperity in many communities. It also serves as a place of solace for those seeking refuge from the cruelties and harshness of the world. Moreover, it is a place where people can put aside their differences and come together. I will never understand how one can seek to destroy the positive spirit which the church symbolizes.

I am deeply saddened by the events which have taken place over the last year and a half.

They are an ugly reminder of our not so distant past and send the wrong message to impressionable minds. Over the past 30 years, we have worked hard to build many bridges across the racial divide. To a large degree, we have been quite successful. However, we still have a long way to go in our pursuit to understand one another and ensure equality for every American. As the most civilized nation in the world, it is incumbent on us to continue to move forward. We cannot let the uncivilized actions of a few keep us from achieving the worthwhile goal of racial and ethnic harmony.

The legislation before us today, in coordination with the efforts of Federal law enforcement agencies, can assist in bringing to justice those individuals responsible for the fires. Through their efforts, some progress has already been made. One of the principle Federal agencies working on these incidents has been the Bureau of Alcohol, Tobacco and Firearms. BATF has responded to these incidences by using additional resources and manpower. Their efforts have resulted in the resolution of some of these arson cases, some by arrest and others by designation as accidental. There still are a number of ongoing investigations and the fires continue to occur. Therefore, we must provide additional tools to BATF and other Federal law enforcement agencies so that they can more readily investigate and prosecute these heinous crimes.

I urge my colleagues to stand with Congressman HYDE and CONYERS in supporting this legislation. Passage of this legislation today will allow Congress to join in the healing process which has begun for those churches which are now rebuilding. It will also send a message from Congress that we do not condone or tolerate this type of activity in our Nation.

Mr. LANTOS. Mr. Speaker, I rise today in strong support of the bipartisan legislation introduced by our colleagues, Judiciary Chairman HENRY HYDE and ranking member JOHN CONYERS, and to encourage the House to pass it unanimously. There is no more cowardly and offensive act than burning a community's place of worship. It is all the more unconscionable when it is done out of bigotry and hatred. This legislation will help the Bureau of Alcohol, Tobacco and Firearms ensure that justice will be swift and complete. Congress must make a strong proactive move to stop these burnings, bring the arsonists to justice, and help these communities rebuild.

I extend my utmost sympathy to the ministers and their congregations all over the country who have lost their places of worship. I also call upon the victims of these terrible crimes to be strong and to direct your anger not toward revenge, but toward reconstruction and healing. As the only survivor of the Holocaust elected to Congress, I am all too familiar with the injustices of random, unprovoked acts of violence. We must use this opportunity to bare these extreme racists for who they are—unscrupulous criminals who deserve to be put in jail for a long time. It is imperative that we send a loud, clear, and firm message to the perpetrators of these sick crimes that Americans will not tolerate bigotry or hate crimes.

It will take a concerted effort of every American from every region of the country to send the message that we must not slip back into a dark past when minorities lived in fear of intolerant racists. Mr. Speaker, let us lend our resources and wholehearted commitment to the Federal, State, and local authorities who are investigating this damaging epidemic. I urge my colleagues to unanimously support this legislation.

Mr. BEREUTER. Mr. Speaker, this Member is pleased to be a cosponsor of H.R. 3525, the Church Arson Prevention Act, and would urge his colleagues to support this bill.

This measure is necessary because of the recent rash of church burnings which has occurred across the Nation. Over 30 black churches have been the victims of arson this year alone, and Federal help has been asked in catching those responsible. In fact, there have been over half a dozen church fires this week. This must stop. The Church Arson Prevention Act will give Federal prosecutors specific jurisdiction to prosecute those who damage religious property. It will also eliminate any monetary damage requirement for Federal prosecution. This legislation will give prosecutors a great opportunity to fight these terrible crimes, as the arson-investigating resources of the Bureau of Alcohol, Tobacco and Firearms can be called into play. The victims of these fires will be eligible under this bill to receive compensation from the crime victims trust fund.

Mr. Speaker, it is this Member's hope that this legislation will quickly become law in order to help combat this rash of hatred and to punish those responsible for these crimes.

Mr. CASTLE. Mr. Speaker, considering that our country was founded on certain principles, among them the freedom of religious expression, it is utterly appalling that places of worship—homes to hundreds and hundreds of congregations—have apparently been targeted to bear the brunt of racial hatred and religious bigotry in this country.

While I am absolutely outraged at the series of church fires that have brought us to this point, I am pleased that the Congress has worked swiftly and in a bipartisan manner to ensure that the church arson law is improved and strengthen. This is an issue that knows no color, race, or religion. It affects each and every one of us Americans; as a country.

The passage of this bill will not heal the wounds created by the tragic burning of churches, nor help ease the pain felt by those who have seen their place of worship destroyed by the senseless and bigoted act of another. But this measure will help punish the instigators of these fires by making it easier to prosecute those responsible for these egregious acts. And in light of recent events, this could not be more timely nor more crucial.

Mr. FRANKS of Connecticut. Mr. Speaker, as I had done on June 13, 1996, I rise once again to voice my support of H.R. 3525, the Church Arson Prevention Act of 1996 which has been offered by Congressman HYDE and Congressman CONYERS and of which I am a proud cosponsor.

Mr. Speaker, I and many of my colleagues have been alarmed by the rash of intentionally set church fires. Sadly, it has reached the point that it has become a daily occurrence. Seemingly, each day, we read in the papers or see on the morning news that our Nation will be supporting more burned-out churches upon its landscape—grotesque charred shells which remind us that there are those who would still practice racism and bigotry and prevent their fellow Americans from pursuing a terror-free life of happiness, freedom and religious liberty.

As I have stated before, H.R. 3525 will make important and necessary changes to our laws which are presently on the books so that we can investigate, arrest, and convict more of those who terrorize with fire or vandalism.

The bill would broaden the scope of present statute which makes it a crime to damage religious property or to obstruct a person in the free exercise of religious beliefs by applying criminal penalties if the offense is in, or affects interstate commerce. As I had mentioned before, both Congressman HYDE and Congressman CONYERS have written H.R. 3525 so it will provide the necessary amendment to our Federal statutes to grant Federal jurisdiction, and thus will augment the Attorney General's ability to prosecute arson cases of this nature.

I am happy to report that this bill will eliminate the current dollar value of destruction which may occur before these crimes of desecration may be prosecuted. At the present time, our laws state that the loss from the destruction of property must be more than $10,000. Originally as written, H.R. 3525 would reduce that threshold to $5,000, but Messrs. HYDE and CONYERS have properly seen fit to eliminate the threshold altogether. By eliminating the threshold, it will be easier for the Federal Government to prosecute more of these arson cases.

Mr. Speaker, I once again congratulate Messrs. HYDE and CONYERS on their work on this important bill. I also congratulate the other 91 sponsors of this measure. Now is time for this House to let the people of America know that it will not tolerate the actions of bigots and racists. We must pass H.R. 3525 to deliver that message.

Mr. MONTGOMERY. Mr. Speaker, I rise in strong support of H.R. 3525, the Church Arson Prevention Act of 1996.

On Monday night two churches were burned in Mississippi that bring sadness to me that this has happened in our State.

This bill will give law enforcement officers the tools to bring to justice those who are responsible for these burnings. Also the bill will bring better cooperation between local, State and Federal law enforcement agencies to solve these terrible crimes.

I am sure the people in Mississippi will pull together to rebuild these churches of God.

I support this legislation. I hope the Senate and the President will act quickly on this bill.

Mr. FAZIO of California. I rise today to offer my strong support for the bipartisan legislation before us. The Church Arson Prevention Act will make it easier to bring prosecutions and will stiffen penalties against those who target houses of worship.

Over the last 18 months, 33 predominantly black churches have been burned down throughout the South. This outbreak of violence and racism recalls a time in our Nation's history when such acts were used to intimidate civil rights activists. We must not tolerate a rekindling of these flames of bigotry and hatred in our country as we approach the new century.

These church fires, and the smoldering scourge of racism that we still confront in our society, have reminded us that there is much work to be done to achieve the goals of Dr. King and the millions of others who aspire to live in the colorblind society that he dreamed would become a reality.

This legislation is a step in that direction, but we must do much more. As a nation, we

must stand together in opposition to those who advocate violence and racism. With one voice, we must be firm and unequivocal in our denunciation of such acts.

As Abraham Lincoln said in 1858, ''a house divided against itself cannot stand.'' These prophetic words remain true in our day.

Mr. CLAY. Mr. Speaker, I rise in support of the Church Arson Prevention Act (HR 3525). Sacred places of worship are under attack across America. Over the past 18 months, 35 black churches have been burned. This number rivals the number of churches that were the targets of vicious racial hatred four decades ago, in the years leading up to the passage of the 1964 Civil Rights Act. Mr. Speaker, we must not permit the forces of evil to turn back the hands of time. Church burnings will never destroy the spirit of those who have faith. Those who perpetrate these morbid crimes telecast themselves as the enemies of all who quest social justice. As legislators committed to racial equality we must condemn the violence and resist efforts to promote the despicable concept of white supremacy.

The burning of black churches dramatizes the racist polarization which plagues our society. Congress must act with singular resolve to denounce these reprehensible acts of vandalism and the stupidity and hatred that spawn such unthinkable crimes. Government must employ all necessary resources to investigate these outrageous offenses and prosecute those responsible for such malicious acts of violence.

Mr. Speaker, I urge my colleagues to support H.R. 3525 which makes it a Federal crime to deface or destroy religious property. It will facilitate Federal authorities in prosecuting those guilty of the terrorist tactics involved in church burnings.

Ms. McCARTHY. Mr. Speaker, I want to express my condolences to all of the families and congregations which have been victims of church burnings throughout our Nation, and urge my colleagues to support H.R. 3525, the Church Arson Prevention Act.

Many religious groups and individuals in my community have provided support for those who have been displaced by the church burnings. The Reverend Mac Charles Jones, pastor of St. Stephen Baptist Church in Kansas City, is one who is advocating nationally for African American congregations coping with this extraordinary misfortune. In his role as associate general secretary for racial justice of the National Council of Churches, Rev. Jones met with President Clinton last week urging Federal support in investigating the church burnings. Rev. Jones and other area ministers are seeking donations locally to assist the investigators and the victims. I salute everyone for demonstrating compassion and generosity during this difficult time, and encourage the broadest participation possible in rebuilding these spiritual structures.

I am honored today to have the opportunity to do my part by supporting a bill to prevent these horrific acts of violence in the future. H.R. 3525 eliminates certain barriers to Federal prosecution of individuals suspected of church burning. For example, the current requirement that the offense cause at least $10,000 in damages before Federal action can be taken will be eliminated. Those who would deface or destroy religious property in the name of hate will be subject to Federal criminal charges.

Healing the spiritual wounds caused by the destruction of one's place of worship will not come easily or quickly, but finding the individuals who are responsible and bringing them to justice is essential. I believe very strongly that local communities and the Federal Government must work together to see that these grave injustices are rectified. The Church Arson Prevention Act will aid communities and law enforcement in this effort, and will help deter future acts of terrorism on our churches and synagogues, which serve as the center of every community.

The Jewish Community Relations Bureau, one of the many organizations in my community which has come to the aid of the victims of church burnings, has a saying:

> If injustice is occurring to one person, it's the same as if it's happening to me.

I urge my colleagues to act in the spirit of this sincere expression by voting for H.R. 3525.

Mr. POSHARD. Mr. Speaker, I rise in strong support of the Church Arson Prevention Act of 1996, and thank chairman HYDE and Ranking Member CONYERS for their swift action in bringing this bill to the floor.

Like millions of other Americans, I grew up attending a little country church. It was there along the banks of the Little Wabash River in White County, IL, that I learned the scripture lessons and the basic values which have guided my life and which are still today the foundation for who I am. That is not an unusual experience whatsoever, for Americans are a religious people and we live in a religious nation. We are a nation of religious tolerance, respecting differing denominations and religions as we all seek the solace and comfort of our faith.

The church, as important as it was spiritually, was also important in a very physical, structural way, and it served as a gathering place in our little community.

The church arsons which have scarred our physical, spiritual, and emotional connections to those churches are repugnant to all of us. We want the people who have suffered from these reprehensible acts to know that our thoughts and prayers are with them. And we want those who are responsible for these actions to know they will be held responsible.

Ms. MILLENDER-McDONALD. Mr. Speaker, I rise in support of the Church Arson Prevention Act of 1996.

I come to the House of Representatives having grown up as the child of an active Baptist minister in Alabama with fear that my family would be the target of church bombings that were all too common during the 1950's. The burning of a church is nothing less than a cowardly act of terrorism upon the community that hosts the church.

We are seeing church burnings in the African-American communities every day and we must put a stop to it. We do everything in our power to stop terrorism abroad, we must do nothing less to prevent this terror in these United States.

The cowards who set these fires must be caught, brought to justice and punished severely. I hope that we will work together to help all Americans build a better nation and a better world.

I urge each of my colleagues to vote in support of the Church Arson Prevention Act of 1996.

Mr. PAYNE of New Jersey. Mr. Speaker, as chairman of the Congressional Black Caucus and as a cosponsor of the Church Arson Prevention Act, I rise in strong support of this measure. It is imperative that we take immediate action to strengthen the ability of Federal law enforcement officials to respond to the alarming increase in church burnings in the South and other parts of the Nation. These incidents of hate call to mind ugly images of cross burnings and Klan rallies by false patriots determined to divide this Nation.

Communities are now living in fear that their sacred houses of worship will be reduced to ashes overnight in the wake of this destructive spree. We need to send a clear signal to the perpetrators of these hate crimes that every law enforcement resource available will be used to bring them to justice. Not only does this bill clarify that Federal officials can become involved in investigations of church fires affecting interstate commerce; it also removes the current requirement that $10,000 in damage must occur before Federal intervention.

Mr. Speaker, we know that a church is more than just the brick and mortar which make up the building. It is a place of hope and spiritual renewal, a center where communities gather in celebration of one of our most precious freedoms, the freedom of religion. Many congregations also run important services out of their church buildings, such as food pantries to feed the needy, activities for young people, and programs for seniors. The loss of a church is devastating; it goes far beyond the material loss and inflicts enormous emotional pain.

Mr. Speaker, I urge my colleagues to support this bill and stop the epidemic of hate and violence which has no place in this Nation.

Mr. TORRICELLI. Mr. Speaker, our Nation is witnessing a frightening and despicable increase in violent attacks on places of worship. Indeed, since 1991, more than 152 houses of worship have been destroyed by arson or vandalism. And within the last 18 months, nearly 50 African-American churches and 10 predominantly white churches have been desecrated. Just last night in Mississippi, two more churches were victims of arson.

These attacks simply must be stopped. While arson is undeniably one of the most egregious crimes against society, it is even more heinous when committed against a sacred place of worship. Every American and every community must act against these crimes. And congress can take the first step by passing H.R. 3525, the Church Arson Prevention Act.

Religion has been a central part of our Nation's culture and society. The burning or desecration of a place of worship not only destroys a vital and important physical structure and moral symbol, but it sends a message of hate and division within the community where the attack occurs. Congress must ensure that those responsible for such hideous acts be punished to the fullest extent of the law.

This is not a partisan issue; it is an issue of justice. H.R. 3525 addresses this problem by enhancing the Federal Government's ability to prosecute convicted arsonists and by removing the minimal damage requirement.

I urge my colleagues to vote in favor of H.R. 3525. We must send a clear and strong message that this dangerous and immoral behavior will not be tolerated anywhere in America.

Mr. STOKES. Mr. Speaker, I rise in strong support of H.R. 3525, the Church Arson Prevention Act. If this great Nation is to live up to

its pledge of liberty and justice for all, then we must come together to end the repugnant wave or racially motivated arsons perpetrated against African-American churches.

After hearing today of yet two more burnings of predominantly African-American churches, the latest of more than 34 since January 1995, I commend my colleagues Chairman HENRY HYDE and JOHN CONYERS for proposing this crucial legislation. H.R. 3525 is an unequivocal representation of the Congress' condemnation of these acts of violence. This bill also provides for reasonable steps to fight these kinds of crimes. This legislation sensibly amends the United States Code to facilitate the use of Federal law to prosecute persons who attack religious property based on the race, color, or ethnic characteristics of persons associated with that property. In addition, this bill allows victims to obtain financial assistance under the victims of crime fund for any injuries caused by an attack on religious property.

Mr. Speaker, I denounce the recent epidemic of arson against African-American churches across this Nation. In addition to supporting H.R. 3525, I am committed to insisting that law enforcement authorities do everything within their power to apprehend the persons responsible for such acts of unadulterated hatred. This bipartisan legislation being considered by the House of Representatives will certainly assist our efforts to prevent these immoral crimes.

It is my hope that from the ashes of African-American churches Americans will come together to put an end to racial intolerance. I urge my colleagues to support this important legislation.

Mr. RANGEL. Mr. Speaker, I rise to express my outrage and that of good Americans across this great country at the wave of suspicious fires that have swept at least 30 churches in the South in recent months. Churches and synagogues are the cornerstones of our communities, providing the moral and spiritual cultivation that our society so desperately needs. I ask all my colleagues in the House to voice their condemnation of these deplorable acts. Vandalizing places of worship is not a partisan issue.

I also call on all the moral leaders of our Nation and those of every religious background to stand against these acts of terror. Every synagogue, mosque and church is vulnerable to the same acts of terrorism committed against our black churches and it is crucial that leaders of every religious denomination speak out against the vandalism of our nation's houses of worship.

It is a shame that the history of violence and intimidation towards black people in this country is repeating itself. Will we allow hate groups such as the Klu Klux Klan, the Aryan Nation, skinheads, and other white supremacist organizations to rise again? Will we allow the historic achievements of our courageous freedom fighters who sought to create a nation of fairness and racial harmony to be further defamed?

In our society, arson of a church attended predominately by African-Americans carries a unique and menacing threat to individuals in our Nation who remain physically vulnerable to acts of violence and intimidation because of their race. Such threats are intolerable and individuals responsible for such acts must be aggressively pursued and apprehended.

As churches burn from flames of hate and intolerance, there are those in our society who would dismantle civil rights legislation and affirmative action that have provided assistance to groups in our Nation who have been discriminated against due to their race, sex, or religious beliefs.

We as a nation must not allow the practice of scapegoating others because they are of a different race or nationality or poor to continue. Our Nation was built on diversity and we must refute any beliefs that condone or support an atmosphere of blame and intolerance against those in our society who are defenseless, particularly our sick, poor, and aged. Just as the churches, synagogues, and mosques shelter our weak and defenseless, we as Americans have an obligation to protect those houses of worship from vicious attacks.

I commend President Clinton and Attorney General Janet Reno on their quick responses to investigate these criminal acts of terrorism and I hope those who make such threats will be prosecuted and will serve sentences commensurate with the cowardly and despicable nature of their actions.

Mr. REED. Mr. Speaker, as a cosponsor of H.R. 3525, the Church Arson Prevention Act, I am pleased that the House is considering this important legislation.

The legislation before us is straightforward. It will help law enforcement officials capture those responsible for these heinous crimes.

Unfortunately, the motivation of those committing these acts is also straightforward—hate, ignorance and disrespect.

More than 30 fires have occurred at churches throughout the South, leaving in their wake a fear that the demons of the past have risen again. This time they are not content to spew their slogans of hatred. Instead, their hate is at such a fever pitch that these brutes attack one of the most powerful symbols of community and love—places of worship.

In the 1960's our Nation witnessed a dramatic struggle for racial equality. Efforts to give African-Americans equal opportunity were often met with violent protest, and America lost a number of brilliant young leaders to racial hatred and bigotry, including religious men like the Reverend Martin Luther King.

In the end, the American ideal of equality won, and hate lost.

Now, those who would tear our Nation apart have returned.

We must collectively respond to this hatred. We cannot tolerate these deplorable acts against African-Americans and our places of worship. Indeed, the combination of this racial and religious intolerance is immoral and must be countered at every turn.

Mr. Speaker, I am pleased the House will pass this legislation to fight these despicable acts, and the Senate should follow suit.

In addition, I would urge the President and Assistant Attorney General Patrick to continue their efforts to bring the perpetrators of these hateful acts to justice—America's citizens of all races and religions deserve no less.

Ms. PELOSI. Mr. Speaker, I rise in strong support of this important legislation. These hate crimes against places of worship are simply intolerable and we in Congress must take quick and decisive action against these horrible acts of terrorism.

While we are saddened by these tragedies we can take heart on the words of one of the ministers who said they have burned the building, but they haven't destroyed the church.

I commend the chairman of the Judiciary Committee, Mr. HYDE, its ranking member, Mr. CONYERS, and all of my colleagues who are working together so effectively to see that this legislation is speedily passed in the hopes that the hatred that is rearing its ugly head will be stamped out.

Yesterday, two more churches burned to the ground. Institutions of worship represent America's faith. Congress must give the Department of Justice the tools necessary to investigate, apprehend and prosecute those who destroy or desecrate religious property. Our religious liberty is at stake and people's lives are in danger.

I join with my colleagues to act now to put out these fires of hatred and ignorance and to help with the healing of those in the communities affected.

The SPEAKER pro tempore (Mr. NETHERCUTT). The question is on the motion offered by the gentleman from Illinois [Mr. HYDE] that the House suspend the rules and pass the bill, H.R. 3525, as amended.

The question was taken.

Mr. HYDE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5, rule 1 and the Chair's prior announcement, further proceedings on this motion will be postponed.

WILLIAM H. NATCHER BRIDGE

Mr. PETRI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3572) to designate the bridge on U.S. Route 231 which crosses the Ohio River between Maceo, KY, and Rockport, IN, as the ''William H. Natcher Bridge.''

The Clerk read as follows:

H.R. 3572

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The bridge on United States Route 231 which crosses the Ohio River between Maceo, Kentucky, and Rockport, Indiana, shall be known and designated as the ''William H. Natcher Bridge''.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the bridge referred to in section 1 shall be deemed to be a reference to the ''William H. Natcher Bridge''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin [Mr. PETRI] and the gentleman from West Virginia [Mr. RAHALL] each will be recognized for 20 minutes.

The Chair recognizes the gentleman from Wisconsin [Mr. PETRI].

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

Mr. Speaker, H.R. 3572, which would name a bridge on U.S. 231 over the Ohio River near Owensboro, KY, in honor of our late and former colleague, William Natcher, is identical to legislation which was passed unanimously by this House on September 22, 1994. Unfortunately, the Senate never acted on this

legislation during the previous Congress.

A compilation of tributes to Chairman Natcher has recently been published and in the near future will be distributed throughout the State of Kentucky by members of the Kentucky delegation. We are considering this bill today in conjunction with those activities.

Representative Natcher was born in Bowling Green, KY, in 1909 and was educated at Western Kentucky State College and the Ohio State University law school. His life was dedicated to public service—serving in the U.S. Navy during World War II and holdings a series of local and State offices before being elected to Congress in 1953. He moved up the ranks of the Appropriations Committee, eventually assuming the chairmanship of the full committee in 1993.

I am proud to have had the privilege of serving in the House with Congressman Natcher. Although well-known for having cast 18,401 consecutive votes during his 40 years here, Congressman Natcher's accomplishments are much more than that voting record. He put a very high value on public service and set a very high standard for himself. Bill Natcher was always an inspiration to me and, I know, to many other Members as well.

He was a gentleman, a stateman, and a man of unquestioned integrity who served this House and his constituents in Kentucky from 1954 until his death in 1994, with quiet, unfailing dedication. The naming of this bridge for Bill Natcher is a fitting and lasting memorial to our friend and former colleague.

I urge passage of H.R. 3572.

Mr. Speaker, I reserve the balance of my time.

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

Mr. Speaker, I simply would like to add that many of us in this body would agree that Mr. Natcher's distinguished service to this Nation, and to the people of the Second Congressional District of Kentucky, merits in the very least some type of official recognition.

The pending legislation reflects the wishes of the Kentucky Delegation to in some small way provide this recognition.

This bill would designate a bridge on U.S. Route 231, which crosses the Ohio River in the vicinity of Owensboro, KY, as the ''William H. Natcher Bridge.''

It passed the House last Congress, but failed to make it into law.

I would, as such, urge a unanimous vote in approving this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. PETRI. Mr. Speaker, I yield 2 minutes to the gentleman from Kentucky [Mr. LEWIS], Mr. Natcher's successor in this body.

Mr. LEWIS of Kentucky. Mr. Speaker, I rise today in support of H.R. 3572, which will officially designate the bridge spanning Maceo, KY, and Rockport, IN, as the ''William H. Natcher Bridge.''

Though folks on either side of the Ohio River back home know this project as the Natcher bridge, we have not yet named it at the Federal level.

Two years ago, this body passed a similar bill, but the other body kept it bottled up in committee. So, today is our chance to get this taken care of.

Many of you know that I represent the Second District of Kentucky, which Mr. Natcher served so honorably for 41 years. And over the past 2 years, I've heard many stories about Mr. Natcher; from Members of Congress to barbers to elevator operators. And they all seem to have one thing in common: an incredible level of respect and admiration—on both sides of the aisle.

Congressman Natcher was a gentleman in every sense of the word.

We all know about his incredible voting streak: When he finally was unable to make it to the Hill, he had not missed a rollcall vote in more than 40 years—or 18,401 consecutive votes.

Cal Ripken could learn something from the gentleman from Bowling Green, KY. And so can we all.

My office was recently sent a number of copies of a memorial tribute to Congressman Natcher. It consists of speeches made in this Chamber when he became seriously ill, and after he passed on, as well as various articles about his career.

It is an inspiring work.

I'm honored to be able to send copies of this book to Mr. Natcher's family, and to the schools and public libraries of the Second District.

There, Mr. Natcher's legacy of hard work, fairness, and bipartisanship can continue to touch the lives of young people.

Let us pass this final, simple tribute to Congressman Natcher, and ensure that the Natcher Bridge, which will be built primarily with Federal dollars, is known by its proper name here in Washington, DC, and across the country.

I thank two colleagues of Mr. Natcher—Chairman PETRI and Chairman SHUSTER—for their quick work on bringing this legislation to the floor.

Mr. PETRI. Mr. Speaker, I yield 4 minutes to the gentleman from Kentucky [Mr. BUNNING].

(Mr. BUNNING of Kentucky asked and was given permission to revise and extend his remarks.)

Mr. BUNNING of Kentucky. Mr. Speaker, to become an effective leader—a real leader—you need three ingredients:

Belief—You gotta believe in something.

Involvement—you can't lead unless you get down in the trenches yourself to make things happen.

Commitment—you have to stay in for the long haul—you have to overcome challenges and that takes time.

Belief, involvement, and commitment. That is what makes a leader. And Bill Natcher had all three.

For 40 years, Bill Natcher served in the House of Representatives. For 40 years, he never missed a day of work. For 40 years, he never missed a single vote—18,401 votes. That's commitment.

Nine Presidents came and went. He served under seven different Speakers of the House. But Bill Natcher was there day in day out, quietly going about the business of doing the people's business.

He didn't showboat. He didn't make a lot of speeches. He didn't schmooze with the press. He just quietly went about the business of public service. Because he believed in it.

And he was never shy about sharing his beliefs. I guess I heard his spiel a thousand times in the 7 years I was in Washington with him. He repeated it virtually every time he spoke before a group of Kentuckians visiting Washington. It wasn't a complex philosophy.

He would simply say, and I quote, ''If you educate your children and if you provide for the health of your people, you will continue to live in the strongest Nation in the world.''

That's it. That was the principle that motivated Bill Natcher for 40 years.

He believed—he got involved—and he demonstrated unbelievable commitment.

Because of that commitment, he did more than set voting and attendance records that will stand forever. He also made a very big difference in the health, education, and welfare of a whole nation.

That is leadership. That was Bill Natcher.

Bill Natcher deserves this honor—I rise in support of the resolution.

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Mr. PETRI. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky [Mr. ROGERS].

Mr. ROGERS. Mr. Speaker, I rise in support of this resolution and commend my colleague, the gentleman from Kentucky [Mr. LEWIS], the sponsor of the bill, and the Representative of the Second Congressional District, a job which Mr. Natcher held, of course, for many years. I also commend the chairman, the gentleman from Wisconsin, Mr. PETRI, and the ranking member, Mr. RAHALL, for bringing this bill to the floor.

Bill Natcher was a patriot, pure and simple; a statesman, in every sense of the word, and a dear, dear friend to many in this institution; in fact, I would say all. He also served as an example of what every Member of this body aspires to be. He was of the highest character and the most impeccable integrity, with the moral courage and compass to follow his beliefs, to follow his tremendous sense of right and wrong. He was a longtime member, of course, of the Committee on Appropriations, its distinguished chairman beginning in December 1992. Before that, he served tirelessly for 18 years as chairman of the Subcommittee on Labor, Health and Human Services, and Education, and his accomplishments there have served this Nation in

ways beyond our ability to fully appreciate.

There are many tributes that have been bestowed upon our State's former dean, and many more to come, I hope, but this tribute is especially fitting. Bill Natcher labored for years to build this bridge. When finished, the Natcher Bridge will be a daily reminder to his many beloved constituents of the tremendous service he gave to his district, his State, and the people of this Nation.

Again, I want to congratulate the gentleman from Kentucky [Mr. LEWIS] for sponsoring this memorial to one of our greatest statesmen in the House and the Congress, and I urge its adoption.

Mr. RAHALL. Mr. Speaker, I yield 3 minutes to the distinguished, very capable gentleman who is the Representative of the Third District of Kentucky, Mr. WARD.

Mr. WARD. Mr. Speaker, I thank the gentleman very much for yielding me time.

Mr. Speaker, I rise in support of this resolution and am very proud to be able to do so. I am disappointed that I was not able to get to know Bill Natcher. I had the opportunity on literally just a couple of occasions to introduce myself to him and to meet him. My service in this Congress began after his passing. But I do know very, very well of his reputation, because each of us who was involved in government and politics in Kentucky knew very well of Chairman Natcher.

We knew of him as an example to aspire to, not just his voting record, but obviously that reflected his commitment and his sense of duty, but more than that, to the way he conducted himself in office.

Chairman Natcher was a fellow who had no press secretary. Chairman Natcher was a fellow who regularly turned back some of his office budget to the Treasury. Chairman Natcher, in short, was a fellow who represented his district in a time-honored fashion that maybe is no longer to be seen and will never again be seen.

Chairman Natcher prided himself on campaigning out of his sedan. He drove around the Second Congressional District of Kentucky from courthouse to courthouse, from crossroads to crossroads, and made sure that the people of his district knew who he was and what he was about, and that he in turn knew who they were and what they were about.

I am delighted to have the opportunity to support this resolution, and look forward to driving across the William Natcher Bridge.

Mr. PETRI. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. GILMAN], the chairman of the Committee on International Relations.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

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

Mr. Speaker, I am pleased to rise in support of this resolution naming a bridge on behalf of our former leader, Chairman Natcher, who was a model for so many of us in the Congress. His dedication, his leadership, his devotion to public responsibilities, served as a reminder to all of us how much more we can and should be doing as we represent the people of our own districts.

I think this memorial is a befitting memorial in naming the bridge after Mr. Natcher, because he was like a sturdy bridge for all of us, between our constituents and the Congress and the Federal Government. I am pleased to rise in support of the resolution.

Mr. PETRI. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois, Mr. HENRY HYDE, the distinguished chairman of the Committee on the Judiciary.

(Mr. HYDE asked and was given permission to revise and extend his remarks.)

Mr. HYDE. Mr. Speaker, I just cannot let this opportunity pass without paying homage to one of the really great people I have been privileged to meet in a rather long life. Bill Natcher was as close to a perfect legislator as I have ever encountered, a man of impeccable rectitude. He was as straight as he stood, which was with ramrod severity. He was honorable, he was straightforward. You knew where he stood on any issue and every issue. But, most importantly, his contributions, which were many, most importantly they were not that he ran the Committee on Appropriations with an iron hand, but with compassion and a generous hand. He never turned anybody away who needed help, any cause. He was a liberal in the best sense of the term as anybody I have ever met, and yet he kept a very tight ship.

But I think his most important and lasting contribution was his defense of the unborn. It was not very popular for him, but he was pro-life, and there are literally millions of children alive today because Bill Natcher would not budge on the issue of Federal funding for abortion. He was a great man, he is a great man, and one bridge is hardly enough, but at least it is a start.

God bless you, Bill Natcher.

Mr. RAHALL. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. PETRI. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. NETHERCUTT). The question is on the motion offered by the gentleman from Wisconsin [Mr. PETRI] that the House suspend the rules and pass the bill, H.R. 3572.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed. A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PETRI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3572.

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

There was no objection.

SINGLE AUDIT ACT AMENDMENTS OF 1996

Mr. HORN. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 1579) to streamline and improve the effectiveness of chapter 75 of title 31, United States Code (commonly referred to as the ''Single Audit Act'').

The Clerk read as follows:

S. 1579

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; PURPOSES.

(a) SHORT TITLE.—This Act may be cited as the ''Single Audit Act Amendments of 1996''.

(b) PURPOSES.—The purposes of this Act are to—

(1) promote sound financial management, including effective internal controls, with respect to Federal awards administered by non-Federal entities;

(2) establish uniform requirements for audits of Federal awards administered by non-Federal entities;

(3) promote the efficient and effective use of audit resources;

(4) reduce burdens on State and local governments, Indian tribes, and nonprofit organizations; and

(5) ensure that Federal departments and agencies, to the maximum extent practicable, rely upon and use audit work done pursuant to chapter 75 of title 31, United States Code (as amended by this Act).

SEC. 2. AMENDMENT TO TITLE 31, UNITED STATES CODE.

Chapter 75 of title 31, United States Code, is amended to read as follows:

''CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS

''Sec.
''7501. Definitions.
''7502. Audit requirements; exemptions.
''7503. Relation to other audit requirements.
''7504. Federal agency responsibilities and relations with non-Federal entities.
''7505. Regulations.
''7506. Monitoring responsibilities of the Comptroller General.
''7507. Effective date.

''§ 7501. Definitions

''(a) As used in this chapter, the term—

''(1) 'Comptroller General' means the Comptroller General of the United States;

''(2) 'Director' means the Director of the Office of Management and Budget;

''(3) 'Federal agency' has the same meaning as the term 'agency' in section 551(1) of title 5;

''(4) 'Federal awards' means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities;

''(5) 'Federal financial assistance' means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance, but does not include amounts received as reimbursement for services rendered to individuals in accordance with guidance issued by the Director;

''(6) 'Federal program' means all Federal awards to a non-Federal entity assigned a single number in the Catalog of Federal Domestic Assistance or encompassed in a group of numbers or other category as defined by the Director;

''(7) 'generally accepted government auditing standards' means the government auditing standards issued by the Comptroller General;

''(8) 'independent auditor' means—

''(A) an external State or local government auditor who meets the independence standards included in generally accepted government auditing standards; or

''(B) a public accountant who meets such independence standards;

''(9) 'Indian tribe' means any Indian tribe, band, nation, or other organized group or community, including any Alaskan Native village or regional or village corporation (as defined in, or established under, the Alaskan Native Claims Settlement Act) that is recognized by the United States as eligible for the special programs and services provided by the United States to Indians because of their status as Indians;

''(10) 'internal controls' means a process, effected by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

''(A) Effectiveness and efficiency of operations.

''(B) Reliability of financial reporting.

''(C) Compliance with applicable laws and regulations;

''(11) 'local government' means any unit of local government within a State, including a county, borough, municipality, city, town, township, parish, local public authority, special district, school district, intrastate district, council of governments, any other instrumentality of local government and, in accordance with guidelines issued by the Director, a group of local governments;

''(12) 'major program' means a Federal program identified in accordance with risk-based criteria prescribed by the Director under this chapter, subject to the limitations described under subsection (b);

''(13) 'non-Federal entity' means a State, local government, or nonprofit organization;

''(14) 'nonprofit organization' means any corporation, trust, association, cooperative, or other organization that—

''(A) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;

''(B) is not organized primarily for profit; and

''(C) uses net proceeds to maintain, improve, or expand the operations of the organization;

''(15) 'pass-through entity' means a non-Federal entity that provides Federal awards to a subrecipient to carry out a Federal program;

''(16) 'program-specific audit' means an audit of one Federal program;

''(17) 'recipient' means a non-Federal entity that receives awards directly from a Federal agency to carry out a Federal program;

''(18) 'single audit' means an audit, as described under section 7502(d), of a non-Federal entity that includes the entity's financial statements and Federal awards;

''(19) 'State' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, any instrumentality thereof, any multi-State, regional, or interstate entity which has governmental functions, and any Indian tribe; and

''(20) 'subrecipient' means a non-Federal entity that receives Federal awards through another non-Federal entity to carry out a Federal program, but does not include an individual who receives financial assistance through such awards.

''(b) In prescribing risk-based program selection criteria for major programs, the Director shall not require more programs to be identified as major for a particular non-Federal entity, except as prescribed under subsection (c) or as provided under subsection (d), than would be identified if the major programs were defined as any program for which total expenditures of Federal awards by the non-Federal entity during the applicable year exceed—

''(1) the larger of $30,000,000 or 0.15 percent of the non-Federal entity's total Federal expenditures, in the case of a non-Federal entity for which such total expenditures for all programs exceed $10,000,000,000;

''(2) the larger of $3,000,000, or 0.30 percent of the non-Federal entity's total Federal expenditures, in the case of a non-Federal entity for which such total expenditures for all programs exceed $100,000,000 but are less than or equal to $10,000,000,000; or

''(3) the larger of $300,000, or 3 percent of such total Federal expenditures for all programs, in the case of a non-Federal entity for which such total expenditures for all programs equal or exceed $300,000 but are less than or equal to $100,000,000.

''(c) When the total expenditures of a non-Federal entity's major programs are less than 50 percent of the non-Federal entity's total expenditures of all Federal awards (or such lower percentage as specified by the Director), the auditor shall select and test additional programs as major programs as necessary to achieve audit coverage of at least 50 percent of Federal expenditures by the non-Federal entity (or such lower percentage as specified by the Director), in accordance with guidance issued by the Director.

''(d) Loan or loan guarantee programs, as specified by the Director, shall not be subject to the application of subsection (b).

''§ 7502. Audit requirements; exemptions

''(a)(1)(A) Each non-Federal entity that expends a total amount of Federal awards equal to or in excess of $300,000 or such other amount specified by the Director under subsection (a)(3) in any fiscal year of such non-Federal entity shall have either a single audit or a program-specific audit made for such fiscal year in accordance with the requirements of this chapter.

''(B) Each such non-Federal entity that expends Federal awards under more than one Federal program shall undergo a single audit in accordance with the requirements of subsections (b) through (i) of this section and guidance issued by the Director under section 7505.

''(C) Each such non-Federal entity that expends awards under only one Federal program and is not subject to laws, regulations, or Federal award agreements that require a financial statement audit of the non-Federal entity, may elect to have a program-specific audit conducted in accordance with applicable provisions of this section and guidance issued by the Director under section 7505.

''(2)(A) Each non-Federal entity that expends a total amount of Federal awards of less than $300,000 or such other amount specified by the Director under subsection (a)(3) in any fiscal year of such entity, shall be exempt for such fiscal year from compliance with—

''(i) the audit requirements of this chapter; and

''(ii) any applicable requirements concerning financial audits contained in Federal statutes and regulations governing programs under which such Federal awards are provided to that non-Federal entity.

''(B) The provisions of subparagraph (A)(ii) of this paragraph shall not exempt a non-Federal entity from compliance with any provision of a Federal statute or regulation that requires such non-Federal entity to maintain records concerning Federal awards provided to such non-Federal entity or that permits a Federal agency, pass-through entity, or the Comptroller General access to such records.

''(3) Every 2 years, the Director shall review the amount for requiring audits prescribed under paragraph (1)(A) and may adjust such dollar amount consistent with the purposes of this chapter, provided the Director does not make such adjustments below $300,000.

''(b)(1) Except as provided in paragraphs (2) and (3), audits conducted pursuant to this chapter shall be conducted annually.

''(2) A State or local government that is required by constitution or statute, in effect on January 1, 1987, to undergo its audits less frequently than annually, is permitted to undergo its audits pursuant to this chapter biennially. Audits conducted biennially under the provisions of this paragraph shall cover both years within the biennial period.

''(3) Any nonprofit organization that had biennial audits for all biennial periods ending between July 1, 1992, and January 1, 1995, is permitted to undergo its audits pursuant to this chapter biennially. Audits conducted biennially under the provisions of this paragraph shall cover both years within the biennial period.

''(c) Each audit conducted pursuant to subsection (a) shall be conducted by an independent auditor in accordance with generally accepted government auditing standards, except that, for the purposes of this chapter, performance audits shall not be required except as authorized by the Director.

''(d) Each single audit conducted pursuant to subsection (a) for any fiscal year shall—

''(1) cover the operations of the entire non-Federal entity; or

''(2) at the option of such non-Federal entity such audit shall include a series of audits that cover departments, agencies, and other organizational units which expended or otherwise administered Federal awards during such fiscal year provided that each such audit shall encompass the financial statements and schedule of expenditures of Federal awards for each such department, agency, and organizational unit, which shall be considered to be a non-Federal entity.

''(e) The auditor shall—

''(1) determine whether the financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles;

''(2) determine whether the schedule of expenditures of Federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole;

''(3) with respect to internal controls pertaining to the compliance requirements for each major program—

''(A) obtain an understanding of such internal controls;

''(B) assess control risk; and

''(C) perform tests of controls unless the controls are deemed to be ineffective; and

''(4) determine whether the non-Federal entity has complied with the provisions of laws, regulations, and contracts or grants pertaining to Federal awards that have a direct and material effect on each major program.

''(f)(1) Each Federal agency which provides Federal awards to a recipient shall—

''(A) provide such recipient the program names (and any identifying numbers) from which such awards are derived, and the Federal requirements which govern the use of

such awards and the requirements of this chapter; and

''(B) review the audit of a recipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the recipient by the Federal agency.

''(2) Each pass-through entity shall—

''(A) provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements which govern the use of such awards and the requirements of this chapter;

''(B) monitor the subrecipient's use of Federal awards through site visits, limited scope audits, or other means;

''(C) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the subrecipient by the pass-through entity; and

''(D) require each of its subrecipients of Federal awards to permit, as a condition of receiving Federal awards, the independent auditor of the pass-through entity to have such access to the subrecipient's records and financial statements as may be necessary for the pass-through entity to comply with this chapter.

''(g)(1) The auditor shall report on the results of any audit conducted pursuant to this section, in accordance with guidance issued by the Director.

''(2) When reporting on any single audit, the auditor shall include a summary of the auditor's results regarding the non-Federal entity's financial statements, internal controls, and compliance with laws and regulations.

''(h) The non-Federal entity shall transmit the reporting package, which shall include the non-Federal entity's financial statements, schedule of expenditures of Federal awards, corrective action plan defined under subsection (i), and auditor's reports developed pursuant to this section, to a Federal clearinghouse designated by the Director, and make it available for public inspection within the earlier of—

''(1) 30 days after receipt of the auditor's report; or

''(2)(A) for a transition period of at least 2 years after the effective date of the Single Audit Act Amendments of 1996, as established by the Director, 13 months after the end of the period audited; or

''(B) for fiscal years beginning after the period specified in subparagraph (A), 9 months after the end of the period audited, or within a longer timeframe authorized by the Federal agency, determined under criteria issued under section 7504, when the 9-month timeframe would place an undue burden on the non-Federal entity.

''(i) If an audit conducted pursuant to this section discloses any audit findings, as defined by the Director, including material noncompliance with individual compliance requirements for a major program by, or reportable conditions in the internal controls of, the non-Federal entity with respect to the matters described in subsection (e), the non-Federal entity shall submit to Federal officials designated by the Director, a plan for corrective action to eliminate such audit findings or reportable conditions or a statement describing the reasons that corrective action is not necessary. Such plan shall be consistent with the audit resolution standard promulgated by the Comptroller General (as part of the standards for internal controls in the Federal Government) pursuant to section 3512(c).

''(j) The Director may authorize pilot projects to test alternative methods of achieving the purposes of this chapter. Such pilot projects may begin only after consultation with the Chair and Ranking Minority Member of the Committee on Governmental Affairs of the Senate and the Chair and Ranking Minority Member of the Committee on Government Reform and Oversight of the House of Representatives.

''§ 7503. Relation to other audit requirements

''(a) An audit conducted in accordance with this chapter shall be in lieu of any financial audit of Federal awards which a non-Federal entity is required to undergo under any other Federal law or regulation. To the extent that such audit provides a Federal agency with the information it requires to carry out its responsibilities under Federal law or regulation, a Federal agency shall rely upon and use that information.

''(b) Notwithstanding subsection (a), a Federal agency may conduct or arrange for additional audits which are necessary to carry out its responsibilities under Federal law or regulation. The provisions of this chapter do not authorize any non-Federal entity (or subrecipient thereof) to constrain, in any manner, such agency from carrying out or arranging for such additional audits, except that the Federal agency shall plan such audits to not be duplicative of other audits of Federal awards.

''(c) The provisions of this chapter do not limit the authority of Federal agencies to conduct, or arrange for the conduct of, audits and evaluations of Federal awards, nor limit the authority of any Federal agency Inspector General or other Federal official.

''(d) Subsection (a) shall apply to a non-Federal entity which undergoes an audit in accordance with this chapter even though it is not required by section 7502(a) to have such an audit.

''(e) A Federal agency that provides Federal awards and conducts or arranges for audits of non-Federal entities receiving such awards that are in addition to the audits of non-Federal entities conducted pursuant to this chapter shall, consistent with other applicable law, arrange for funding the full cost of such additional audits. Any such additional audits shall be coordinated with the Federal agency determined under criteria issued under section 7504 to preclude duplication of the audits conducted pursuant to this chapter or other additional audits.

''(f) Upon request by a Federal agency or the Comptroller General, any independent auditor conducting an audit pursuant to this chapter shall make the auditor's working papers available to the Federal agency or the Comptroller General as part of a quality review, to resolve audit findings, or to carry out oversight responsibilities consistent with the purposes of this chapter. Such access to auditor's working papers shall include the right to obtain copies.

''§ 7504. Federal agency responsibilities and relations with non-Federal entities

''(a) Each Federal agency shall, in accordance with guidance issued by the Director under section 7505, with regard to Federal awards provided by the agency—

''(1) monitor non-Federal entity use of Federal awards, and

''(2) assess the quality of audits conducted under this chapter for audits of entities for which the agency is the single Federal agency determined under subsection (b).

''(b) Each non-Federal entity shall have a single Federal agency, determined in accordance with criteria established by the Director, to provide the non-Federal entity with technical assistance and assist with implementation of this chapter.

''(c) The Director shall designate a Federal clearinghouse to—

''(1) receive copies of all reporting packages developed in accordance with this chapter;

''(2) identify recipients that expend $300,000 or more in Federal awards or such other amount specified by the Director under section 7502(a)(3) during the recipient's fiscal year but did not undergo an audit in accordance with this chapter; and

''(3) perform analyses to assist the Director in carrying out responsibilities under this chapter.

''§ 7505. Regulations

''(a) The Director, after consultation with the Comptroller General, and appropriate officials from Federal, State, and local governments and nonprofit organizations shall prescribe guidance to implement this chapter. Each Federal agency shall promulgate such amendments to its regulations as may be necessary to conform such regulations to the requirements of this chapter and of such guidance.

''(b)(1) The guidance prescribed pursuant to subsection (a) shall include criteria for determining the appropriate charges to Federal awards for the cost of audits. Such criteria shall prohibit a non-Federal entity from charging to any Federal awards—

''(A) the cost of any audit which is—

''(i) not conducted in accordance with this chapter; or

''(ii) conducted in accordance with this chapter when expenditures of Federal awards are less than amounts cited in section 7502(a)(1)(A) or specified by the Director under section 7502(a)(3), except that the Director may allow the cost of limited scope audits to monitor subrecipients in accordance with section 7502(f)(2)(B); and

''(B) more than a reasonably proportionate share of the cost of any such audit that is conducted in accordance with this chapter.

''(2) The criteria prescribed pursuant to paragraph (1) shall not, in the absence of documentation demonstrating a higher actual cost, permit the percentage of the cost of audits performed pursuant to this chapter charged to Federal awards, to exceed the ratio of total Federal awards expended by such non-Federal entity during the applicable fiscal year or years, to such non-Federal entity's total expenditures during such fiscal year or years.

''(c) Such guidance shall include such provisions as may be necessary to ensure that small business concerns and business concerns owned and controlled by socially and economically disadvantaged individuals will have the opportunity to participate in the performance of contracts awarded to fulfill the audit requirements of this chapter.

''§ 7506. Monitoring responsibilities of the Comptroller General

''(a) The Comptroller General shall review provisions requiring financial audits of non-Federal entities that receive Federal awards that are contained in bills and resolutions reported by the committees of the Senate and the House of Representatives.

''(b) If the Comptroller General determines that a bill or resolution contains provisions that are inconsistent with the requirements of this chapter, the Comptroller General shall, at the earliest practicable date, notify in writing—

''(1) the committee that reported such bill or resolution; and

''(2)(A) the Committee on Governmental Affairs of the Senate (in the case of a bill or resolution reported by a committee of the Senate); or

''(B) the Committee on Government Reform and Oversight of the House of Representatives (in the case of a bill or resolution reported by a committee of the House of Representatives).

"§ 7507. Effective date

''This chapter shall apply to any non-Federal entity with respect to any of its fiscal years which begin after June 30, 1996.''.

SEC. 3. TRANSITIONAL APPLICATION.

Subject to section 7507 of title 31, United States Code (as amended by section 2 of this Act) the provisions of chapter 75 of such title (before amendment by section 2 of this Act) shall continue to apply to any State or local government with respect to any of its fiscal years beginning before July 1, 1996.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. HORN] and the gentlewoman from New York [Mrs. MALONEY] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. HORN].

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

Mr. Speaker, this legislation is identical to H.R. 3184, legislation I introduced, the purpose of which is to improve the financial management of funds provided to grantees by the Federal Government. The bill would reduce paperwork burdens on States, local governments, universities, and other nonprofit organizations that receive Federal assistance.

I am very pleased that the chairman of the Committee on Government Reform and Oversight, Representative WILLIAM CLINGER, joins me in supporting the bill, as does Representative TOM DAVIS of Virginia, Representative CAROLYN MALONEY of New York, Representative COLLIN PETERSON of Minnesota, and Representative SCOTTY BAESLER of Kentucky.

This good government measure was developed on a bipartisan basis. It will strengthen accountability by recipients for the Federal assistance they receive, while providing flexibility to Federal agencies to place oversight resources where they are most effective.

S. 1579 amends the Single Audit Act of 1984. The 1984 act replaced multiple grant-by-grant audits of Federal Assistance programs with an annual entity-wide process for State and local governments that receive Federal financial assistance.

During the early 1990's groups affected by the Single Audit Act of 1984, such as the National State auditors Association and the President's Council on Integrity and Efficiency, began a comprehensive review of the efficacy of the act and from that effort developed suggestions on how it could be improved. The bill incorporates many of their ideas for improvement and has been endorsed by those groups.

The bill provides significant changes to the 1984 act. Those changes improve its usefulness.

The measure allows Federal program managers more flexibility in achieving the legislation's purpose, and reduces the audit burden on both the managers and the recipients of funding freeing up time and resources for programs. It improves the reporting process by asking for reports on programs within a shorter time frame, with the addition of user-friendly summaries.

The legislation improves audit coverage by placing both State and local governments and nonprofit organizations under the same single audit process, and under the same rules. In accordance with current law, not-for-profits are not covered by the 1984 act, but instead by circular A–133 which is guidance created by the Office of Management and Budget. This change helps Federal auditors as well as recipients of Federal aid since there will be a single set of rules to follow affording less potential for confusion and error.

The bill reduces the burden of a fiscal audit on recipients. The threshold for requiring a single audit is raised from $100,000 annually to $300,000 annually. An organization receiving less than $100,000 would not be required to have an audit; however it would remain subject to monitoring and is required to report on the use of the funds. By raising the threshold for requiring an audit the bill reduces both the audit and paperwork burden, thereby allowing more funds for use by the program.

It is important to note that this change will still allow for 95 percent of Federal funds provided to recipients to be audited ensuring accountability of the use of Federal funds. This is the same percentage targeted for coverage by the 1984 act.

It is imperative that the Federal Government better account for the expenditure of the tax dollars of the American people. The Single Audit Act helps to accomplish this objective. It does so while eliminating unnecessary audits and requiring that all Federal agencies granting money to an organization use the single audit. As a former university president, I know that Government paperwork requirements cost staff time and financial resources that could be better used to provide services and jobs. Common sense must be applied to Government requirements. This bill does just that.

The Single Audit Act of 1984 replaced a disparate approach to audits of individual State and local recipients of Federal funds. Prior to its passage a system of multiple grant-by-grant audits existed. This created a scenario where an organization receiving Federal funds from more than one Federal source could find itself spending vast amounts of time and resources providing identical information to different Federal auditors simply because the funding came from different government agencies. Often the agencies would schedule audits at the same time resulting in a situation where several Federal auditors competed for the same records. Making matters worse, there also existed a variety of overlapping, inconsistent, and, too often, duplicative Federal agency requirements for audits of individual programs. The Single Audit Act replaced that with a unified approach which my legislation continues.

As I noted, the benefits of the bill include:

The broadening of the scope of the Single Audit Act to include nonprofit organizations, along with State and local governments that receive Federal assistance. State and local governments currently follows the guidance in OMB circular A–128; nonprofits follow the guidance in OMB circular A–133. This change will allow the Office of Management and Budget to develop one consolidated body of audit requirements for recipients of Federal assistance.

The Federal burden on many of those entities now required to have single audits will be reduced by the proposal, while retaining the same level of audit coverage that the 1984 act provided. This occurs by raising the Federal dollar threshold for requiring a single audit from $100,000 to $300,000. This will benefit small entities which will not longer be burdened by the existing OMB circular A–133 regulations.

In addition the bill will allow for a risk-based approach to audit testing. This will encourage the refocusing of audit resources to places where there is the greatest risk of waste, fraud or abuse. Based on guidance developed by the Office of Management and Budget, auditors will be able to exercise good professional judgment in selecting programs for testing rather than automatically auditing the same programs year after year.

Over the last few years we have made great strides in reforming Federal financial management. Much remains to be done. The Single Audit Act of 1984 started the process with States and local governments and devised great improvements in financial management by those governments. The Chief Financial Officers Act of 1990 continued the process and extended the concept of financial accountability to the executive branch. The Single Audit Act Amendments of 1996 continues the process further by allowing experimentation with performance auditing—the process of looking at the effectiveness of a program achievement of its goal—and allowing for the use of judgment, focusing on a risk-based approach to auditing rather than just mechanically following rules. S. 1579 builds on the accomplishments of the 1984 act, and will lead to additional improvement for both Federal agencies and recipients of Federal assistance. It is a good government, commonsense initiative. I urge support of this motion.

□ 1700

Mr. Speaker, I reserve the balance of my time.

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

As the ranking Democrat of the Subcommittee on Government Management, Information and Technology, I am proud to be the ranking Democratic sponsor of H.R. 3184, the companion bill to S. 1579, the Single Audit Act Amendments of 1996. I would like to thank the gentleman from California [Mr. HORN], for the bipartisan spirit with which he has approached and worked on this legislation and for his leadership on this legislation.

This legislation builds on the Single Audit Act of 1984, which replaced the inefficient, cumbersome, multiple grant-by-grant audits of Federal assistance programs with an annual entitywide audit, greatly simplifying and improving the system.

H.R. 3184's major reforms would enhance audit coverage; reduce administrative burdens; increase effectiveness by establishing a risk-based approach for selecting programs for audit, as opposed to auditing every single program; thereby focusing resources where they are most needed; improve reporting and simplify reporting; and increase administrative flexibility.

Today, more than ever, with 20 percent of the Federal budget being passed through to the State and local governments, it is important that we have a good accounting of these funds.

In 1960 the Federal Government gave 7 percent of its funds to State and local governments, $7 billion out of $100 billion budget. In 1981, when Congress began discussing the single audit concept, the Federal budget had grown fivefold, but transfers to State and local governments had grown to $95 billion, nearly a 14-fold increase. Today, nearly 20 percent of the Federal budget of $1.5 trillion goes to State and local governments.

The Single Audit Act was designed to create a system of accountability for those dollars. Over the last 12 years it has served us well.

The Single Audit Act of 1984 addressed a serious problem of accountability. It replaced a system of multiple grant-by-grant audits with a single entitywide audit of all Federal funds.

Prior to the act, there were many overlapping, inconsistent and duplicative Federal requirements. The act eliminated this duplication and provided a set of uniform auditing requirements. At the same time, it improved accountability for billions of dollars and reduced the paperwork burden on State and local governments.

The Single Audit Act Amendments of 1996 updates the law and makes needed and necessary changes.

The threshold of $100,000 for auditing State and local governments was carefully selected in 1984 to cover 95 percent of all transfers. Because of inflation, that threshold now covers 99 percent of all transfers. This bill raises that threshold to $300,000, returning coverage to the 95 percent level.

To increase the administrative flexibility, this bill also gives the director of the Office of Management and Budget the authority to adjust the threshold for future inflation. Currently, institutions of higher education and other nonprofit organizations of higher education and other nonprofit organizations receiving Federal funds are audited under executive authority. These amendments will codify the audit requirements for those entities. It is important to note that this bill also makes the results of these audits more useful to the officials responsible for overseeing Federal funds.

The bill calls for more timely reports, reducing the time from 13 months to 9, and reports that emphasize the auditor's conclusions, the quality of internal controls, and the continuing interest of the Federal Government.

This bill has been negotiated over the last year to address the concerns of a number of interested parties. The success of those negotiations is reflected in the wide support that the bill enjoys. In addition to bipartisan sponsorship in the House and Senate, the bill is endorsed by the National State Auditors Association and the administration.

Mr. Speaker, I thank the chairman, I urge my colleagues to support this bill, and I reserve the balance of my time.

Mr. HORN. Mr. Speaker, I thank my distinguished colleague from New York for her help and cooperation, and I likewise appreciate the help and cooperation of the gentleman from Minnesota [Mr. PETERSON], who, as an accountant, made a great contribution to the shaping of this bill.

Mr. Speaker, I yield 3 minutes to the gentleman from Virginia [Mr. DAVIS], one of the most active colleagues on our subcommittee and the full committee.

Mr. DAVIS. Mr. Speaker, I rise today in support of S. 1579, the Single Audit Act Amendments of 1996. S. 1579 is an important piece of legislation that will significantly reduce the Federal burden on State and local governments by amending the Single Audit Act of 1984. As the former head of government in Fairfax County, VA, I am keenly aware of the success of the Single Audit Act and the worthiness of these followup amendments.

The 1984 act replaced multiple grant-by-grant audits of Federal assistance programs with an annual entitywide audit process for State and local governments receiving Federal assistance.

S. 1579 will provide needed changes to the 1984 act by reducing unnecessary audit burdens on recipients of Federal assistance while at the same time ensuring that accountability for the use of Federal funds is maintained. The amendments also provide administrative flexibility to adjust statutory requirements and allow for a more efficient and cost-effective audit approach.

Several studies have been conducted that illustrate the influence of the 1984 act on the financial management practices of State and local governments receiving Federal assistance. All State and local participants of the studies have agreed that the single audit process has improved the approach to auditing Federal assistance, but that further improvements are desirable.

This bill will meet these desired changes by significantly reducing the Federal burden on State and local governments by raising the single audit threshold from $100,000 to $300,000 and eliminating the $25,000 threshold for program audits. These changes will reduce audit and paperwork burdens, while preserving audit coverage of the bulk of Federal assistance. Why spend $30,000 auditing a $25,000 grant?

The General Accounting Office has estimated that the $300,000 threshold would cover 95 percent of direct Federal assistance to local governments, which is commensurate with the coverage provided at the $100,000 threshold when the act was passed in 1984. In effect, the exempting of thousands of entities from single audits would reduce audit and paperwork burdens, but would not significantly diminish the percentage of Federal assistance covered by single audits.

Those entities that would fall below the $300,000 threshold would be exempt from federally mandated audit coverage but would still have to comply with the Federal requirements to maintain records or permit access to records. The elimination of the $25,000 threshold, which requires entities to have a program audit of each Federal program they administer, would further simplify the act by having only one single audit threshold.

This bill, Mr. Speaker, is a commonsense package of amendments that will serve to further enhance the effectiveness of the Single Audit Act by reducing the Federal burden on State and local governments. Therefore, I thank the gentleman from California [Mr. HORN], the gentleman from Pennsylvania [Mr. CLINGER], and the gentlewoman from New York [Mrs. MALONEY] for their leadership on this issue, and I urge support of the bill.

Mrs. MALONEY. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Illinois [Mrs. COLLINS], the distinguished ranking member of the Committee on Government Reform and Oversight.

Mrs. COLLINS of Illinois. Mr. Speaker, I rise in support of this bill, and commend Ranking Minority Member MALONEY and Chairman HORN for their hard efforts on behalf of this legislation.

The Single Audit Act of 1984 addressed a serious problem of accountability. It is more important today than ever.

The interaction between the Federal Government and State and local governments is far more complex than it was 35 years ago. In 1960, out of a total Federal budget of about $100 billion, the Federal Government gave $7 billion to State and local governments. In 1981, when Congress began discussing the single audit concept, the Federal budget had grown five-fold, but transfers to State and local governments had grown to $95 billion—nearly a 14-fold increase.

Today, nearly 20 percent of the Federal budget of $1.5 trillion, or 20 percent of the taxes collected by the IRS, goes to State and local governments. The Single Audit Act was designed to create a system of accountability for those dollars. Over the last 12 years it has served us well.

The experience of the last 12 years has also shown a number of places where the legislation can be improved. The Single Audit Act Amendments of 1996 incorporates those changes.

The threshold of $100,000 for auditing State and local governments was carefully selected in 1984 to cover 95 percent of all transfers. Because of inflation, that threshold now covers 99 percent of all transfers. This bill raises the threshold to $300,000, and returns coverage to the 95 percent level. This bill also give the Director of the Office of Management and Budget the authority to adjust the threshold for future inflation.

Among other changes to the Single Audit Act, this bill makes the results of these audits more useful to the administration officials responsible for overseeing these funds, by requiring more timely reports—reducing the time from 13 months to 9—and requiring that reports emphasize the auditors conclusions, the quality of internal controls, and the continuing interests of the Federal Government.

This bill has been negotiated over the last year to address the concerns of a number of interested parties. The success of those negotiations is reflected in the wide support this bill enjoys. In addition to bipartisan sponsorship in the House and Senate, the bill is endorsed by the National State Auditors Association, and the administration.

Mr. Speaker, I again commend the ranking member and the chairman of the subcommittee for this fine piece of work, and urge all of my colleagues to support this good piece of legislation.

Mrs. MALONEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HORN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. NETHERCUTT). The question is on the motion offered by the gentleman from California [Mr. HORN] that the House suspend the rules and pass the Senate bill, S. 1579.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

□ 1715

IRAN AND LIBYA SANCTIONS ACT OF 1996

Mr. GILMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3107) to impose sanctions on persons exporting certain goods or technology that would enhance Iran's ability to explore for, extract, refine, or transport by pipeline petroleum resources, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3107

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Iran and Libya Sanctions Act of 1996''.

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) The efforts of the Government of Iran to acquire weapons of mass destruction and the means to deliver them and its support of acts of international terrorism endanger the national security and foreign policy interests of the United States and those countries with which the United States shares common strategic and foreign policy objectives.

(2) The objective of preventing the proliferation of weapons of mass destruction and acts of international terrorism through existing multilateral and bilateral initiatives requires additional efforts to deny Iran the financial means to sustain its nuclear, chemical, biological, and missile weapons programs.

(3) The Government of Iran uses its diplomatic facilities and quasi-governmental institutions outside of Iran to promote acts of international terrorism and assist its nuclear, chemical, biological, and missile weapons programs.

(4) The failure of the Government of Libya to comply with Resolutions 731, 748, and 883 of the Security Council of the United Nations, its support of international terrorism, and its efforts to acquire weapons of mass destruction constitute a threat to international peace and security that endangers the national security and foreign policy interests of the United States and those countries with which it shares common strategic and foreign policy objectives.

SEC. 3. DECLARATION OF POLICY.

(a) POLICY WITH RESPECT TO IRAN.—The Congress declares that it is the policy of the United States to deny Iran the ability to support acts of international terrorism and to fund the development and acquisition of weapons of mass destruction and the means to deliver them by limiting the development of Iran's ability to explore for, extract, refine, or transport by pipeline petroleum resources of Iran.

(b) POLICY WITH RESPECT TO LIBYA.—The Congress further declares that it is the policy of the United States to seek full compliance by Libya with its obligations under Resolutions 731, 748, and 883 of the Security Council of the United Nations, including ending all support for acts of international terrorism and efforts to develop or acquire weapons of mass destruction.

SEC. 4. MULTILATERAL REGIME.

(a) MULTILATERAL NEGOTIATIONS.—In order to further the objectives of section 3, the Congress urges the President to commence immediately diplomatic efforts, both in appropriate international fora such as the United Nations, and bilaterally with allies of the United States, to establish a multilateral sanctions regime against Iran, including provisions limiting the development of petroleum resources, that will inhibit Iran's efforts to carry out activities described in section 2.

(b) REPORTS TO CONGRESS.—The President shall report to the appropriate congressional committees, not later than 1 year after the date of the enactment of this Act, and periodically thereafter, on the extent that diplomatic efforts described in subsection (a) have been successful. Each report shall include—

(1) the countries that have agreed to undertake measures to further the objectives of section 3 with respect to Iran, and a description of those measures; and

(2) the countries that have not agreed to measures described in paragraph (1), and, with respect to those countries, other measures (in addition to that provided in subsection (d)) the President recommends that the United States take to further the objectives of section 3 with respect to Iran.

(c) WAIVER.—The President may waive the application of section 5(a) with respect to nationals of a country if—

(1) that country has agreed to undertake substantial measures, including economic sanctions, that will inhibit Iran's efforts to carry out activities described in section 2 and information required by subsection (b)(1) has been included in a report submitted under subsection (b); and

(2) the President, at least 30 days before the waiver takes effect, notifies the appropriate congressional committees of his intention to exercise the waiver.

(d) ENHANCED SANCTION.—

(1) SANCTION.—With respect to nationals of countries except those with respect to which the President has exercised the waiver authority of subsection (c), at any time after the first report is required to be submitted under subsection (b), section 5(a) shall be applied by substituting ''$20,000,000'' for ''$40,000,000'' each place it appears, and by substituting ''$5,000,000'' for ''$10,000,000''.

(2) REPORT TO CONGRESS.—The President shall report to the appropriate congressional committees any country with respect to which paragraph (1) applies.

(e) INTERIM REPORT ON MULTILATERAL SANCTIONS; MONITORING.—The President, not later than 90 days after the date of the enactment of this Act, shall report to the appropriate congressional committees on—

(1) whether the member states of the European Union, the Republic of Korea, Australia, Israel, or Japan have legislative or administrative standards providing for the imposition of trade sanctions on persons or their affiliates doing business or having investments in Iran or Libya;

(2) the extent and duration of each instance of the application of such sanctions; and

(3) the disposition of any decision with respect to such sanctions by the World Trade Organization or its predecessor organization.

SEC. 5. IMPOSITION OF SANCTIONS.

(a) SANCTIONS WITH RESPECT TO IRAN.—Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, made an investment of $40,000,000 or more (or any combination of investments of at least $10,000,000 each, which in the aggregate equals or exceeds $40,000,000 in any 12-month period), that directly and significantly contributed to the enhancement of Iran's ability to develop petroleum resources of Iran.

(b) SANCTIONS WITH RESPECT TO LIBYA.—

(1) TRIGGER OF MANDATORY SANCTIONS.—Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, exported, transferred, or otherwise provided to Libya any goods, services, technology, or other items the provision of which is prohibited under paragraph 4(b) or 5 of Resolution 748 of the Security Council of the United Nations, adopted March 31, 1992, or under paragraph 5 or 6 of Resolution 883 of the Security Council of the United Nations, adopted November 11, 1993, if the provision of such items significantly and materially—

(A) contributed to Libya's ability to acquire chemical, biological, or nuclear weapons or destabilizing numbers and types of advanced conventional weapons or enhanced Libya's military or paramilitary capabilities;

(B) contributed to Libya's ability to develop its petroleum resources; or

(C) contributed to Libya's ability to maintain its aviation capabilities.

(2) TRIGGER OF DISCRETIONARY SANCTIONS.—Except as provided in subsection (f), the President may impose 1 or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, made an investment of $40,000,000 or more (or any combination of investments of at least $10,000,000 each, which in the aggregate equals or exceeds $40,000,000 in any 12-month period), that directly and significantly contributed to the enhancement of Libya's ability to develop its petroleum resources.

(c) PERSONS AGAINST WHICH THE SANCTIONS ARE TO BE IMPOSED.—The sanctions described in subsections (a) and (b) shall be imposed on—

(1) any person the President determines has carried out the activities described in subsection (a) or (b); and

(2) any person the President determines—

(A) is a successor entity to the person referred to in paragraph (1);

(B) is a parent or subsidiary of the person referred to in paragraph (1) if that parent or subsidiary, with actual knowledge, engaged in the activities referred to in paragraph (1); or

(C) is an affiliate of the person referred to in paragraph (1) if that affiliate, with actual knowledge, engaged in the activities referred to in paragraph (1) and if that affiliate is controlled in fact by the person referred to in paragraph (1).

For purposes of this Act, any person or entity described in this subsection shall be referred to as a ''sanctioned person''.

(d) PUBLICATION IN FEDERAL REGISTER.—The President shall cause to be published in the Federal Register a current list of persons and entities on whom sanctions have been imposed under this Act. The removal of persons or entities from, and the addition of persons and entities to, the list, shall also be so published.

(e) PUBLICATION OF PROJECTS.—The President shall cause to be published in the Federal Register a list of all significant projects which have been publicly tendered in the oil and gas sector in Iran.

(f) EXCEPTIONS.—The President shall not be required to apply or maintain the sanctions under subsection (a) or (b)—

(1) in the case of procurement of defense articles or defense services—

(A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy requirements essential to the national security of the United States;

(B) if the President determines in writing that the person to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or services, that the defense articles or services are essential, and that alternative sources are not readily or reasonably available; or

(C) if the President determines in writing that such articles or services are essential to the national security under defense coproduction agreements;

(2) in the case of procurement, to eligible products, as defined in section 308(4) of the Trade Agreements Act of 1979 (19 U.S.C. 2518(4)), of any foreign country or instrumentality designated under section 301(b)(1) of that Act (19 U.S.C. 2511(b)(1));

(3) to products, technology, or services provided under contracts entered into before the date on which the President publishes in the Federal Register the name of the person on whom the sanctions are to be imposed;

(4) to—

(A) spare parts which are essential to United States products or production;

(B) component parts, but not finished products, essential to United States products or production; or

(C) routine servicing and maintenance of products, to the extent that alternative sources are not readily or reasonably available;

(6) to information and technology essential to United States products or production; or

(7) to medicines, medical supplies, or other humanitarian items.

SEC. 6. DESCRIPTION OF SANCTIONS.

The sanctions to be imposed on a sanctioned person under section 5 are as follows:

(1) EXPORT-IMPORT BANK ASSISTANCE FOR EXPORTS TO SANCTIONED PERSONS.—The President may direct the Export-Import Bank of the United States not to give approval to the issuance of any guarantee, insurance, extension of credit, or participation in the extension of credit in connection with the export of any goods or services to any sanctioned person.

(2) EXPORT SANCTION.—The President may order the United States Government not to issue any specific license and not to grant any other specific permission or authority to export any goods or technology to a sanctioned person under—

(i) the Export Administration Act of 1979;

(ii) the Arms Export Control Act;

(iii) the Atomic Energy Act of 1954; or

(iv) any other statute that requires the prior review and approval of the United States Government as a condition for the export or re-export of goods or services.

(3) LOANS FROM UNITED STATES FINANCIAL INSTITUTIONS.—The United States Government may prohibit any United States financial institution from making loans or providing credits to any sanctioned person totaling more than $10,000,000 in any 12-month period unless such person is engaged in activities to relieve human suffering and the loans or credits are provided for such activities.

(4) PROHIBITIONS ON FINANCIAL INSTITUTIONS.—The following prohibitions may be imposed against a sanctioned person that is a financial institution:

(A) PROHIBITION ON DESIGNATION AS PRIMARY DEALER.—Neither the Board of Governors of the Federal Reserve System nor the Federal Reserve Bank of New York may designate, or permit the continuation of any prior designation of, such financial institution as a primary dealer in United States Government debt instruments.

(B) PROHIBITION ON SERVICE AS A REPOSITORY OF GOVERNMENT FUNDS.—Such financial institution may not serve as agent of the United States Government or serve as repository for United States Government funds.

The imposition of either sanction under subparagraph (A) or (B) shall be treated as 1 sanction for purposes of section 5, and the imposition of both such sanctions shall be treated as 2 sanctions for purposes of section 5.

(5) PROCUREMENT SANCTION.—The United States Government may not procure, or enter into any contract for the procurement of, any goods or services from a sanctioned person.

(6) ADDITIONAL SANCTIONS.—The President may impose sanctions, as appropriate, to restrict imports with respect to a sanctioned person, in accordance with the International Emergency Economic Powers Act (50 U.S.C. 1701 and following).

SEC. 7. ADVISORY OPINIONS.

The Secretary of State may, upon the request of any person, issue an advisory opinion to that person as to whether a proposed activity by that person would subject that person to sanctions under this Act. Any person who relies in good faith on such an advisory opinion which states that the proposed activity would not subject a person to such sanctions, and any person who thereafter engages in such activity, will not be made subject to such sanctions on account of such activity.

SEC. 8. TERMINATION OF SANCTIONS.

(a) IRAN.—The requirement under section 5(a) to impose sanctions shall no longer have force or effect with respect to Iran if the President determines and certifies to the appropriate congressional committees that Iran—

(1) has ceased its efforts to design, develop, manufacture, or acquire—

(A) a nuclear explosive device or related materials and technology;

(B) chemical and biological weapons; and

(C) ballistic missiles and ballistic missile launch technology; and

(2) has been removed from the list of countries the governments of which have been determined, for purposes of section 6(j) of the Export Administration Act of 1979, to have repeatedly provided support for acts of international terrorism.

(b) LIBYA.—The requirement under section 5(b) to impose sanctions shall no longer have force or effect with respect to Libya if the President determines and certifies to the appropriate congressional committees that Libya has fulfilled the requirements of United Nations Security Council Resolution 731, adopted January 21, 1992, United Nations Security Council Resolution 748, adopted March 31, 1992, and United Nations Security Council Resolution 883, adopted November 11, 1993.

SEC. 9. DURATION OF SANCTIONS; PRESIDENTIAL WAIVER.

(a) DELAY OF SANCTIONS.—

(1) CONSULTATIONS.—If the President makes a determination described in section 5(a) or 5(b) with respect to a foreign person, the Congress urges the President to initiate consultations immediately with the government with primary jurisdiction over that foreign person with respect to the imposition of sanctions under this Act.

(2) ACTIONS BY GOVERNMENT OF JURISDICTION.—In order to pursue consultations under paragraph (1) with the government concerned, the President may delay imposition of sanctions under this Act for up to 90 days. Following such consultations, the President shall immediately impose sanctions unless the President determines and certifies to the Congress that the government has taken specific and effective actions, including, as appropriate, the imposition of appropriate penalties, to terminate the involvement of the foreign person in the activities that resulted in the determination by the President under section 5(a) or 5(b) concerning such person.

(3) ADDITIONAL DELAY IN IMPOSITION OF SANCTIONS.—The President may delay the imposition of sanctions for up to an additional 90 days if the President determines and certifies to the Congress that the government with primary jurisdiction over the person concerned is in the process of taking the actions described in paragraph (2).

(4) REPORT TO CONGRESS.—Not later than 90 days after making a determination under section 5(a) or 5(b), the President shall submit to the appropriate congressional committees a report on the status of consultations with the appropriate foreign government under this subsection, and the basis for any determination under paragraph (3).

(b) DURATION OF SANCTIONS.—A sanction imposed under section 5 shall remain in effect—

(1) for a period of not less than 2 years from the date on which it is imposed; or

(2) until such time as the President determines and certifies to the Congress that the person whose activities were the basis for imposing the sanction is no longer engaging in such activities and that the President has received reliable assurances that such person will not knowingly engage in such activities in the future, except that such sanction shall remain in effect for a period of at least 1 year.

(c) PRESIDENTIAL WAIVER.—

(1) AUTHORITY.—The President may waive the requirement in section 5 to impose a sanction or sanctions on a person described in section 5(c), and may waive the continued imposition of a sanction or sanctions under subsection (b) of this section, 30 days or more after the President determines and so reports to the appropriate congressional committees that it is important to the national interest of the United States to exercise such waiver authority.

(2) CONTENTS OF REPORT.—Any report under paragraph (1) shall provide a specific and detailed rationale for the determination under paragraph (1), including—

(A) a description of the conduct that resulted in the determination under section 5(a) or (b), as the case may be;

(B) in the case of a foreign person, an explanation of the efforts to secure the cooperation of the government with primary jurisdiction over the sanctioned person to terminate or, as appropriate, penalize the activities that resulted in the determination under section 5(a) or (b), as the case may be;

(C) an estimate as to the significance—

(i) of the provision of the items described in section 5(a) to Iran's ability to develop its petroleum resources, or

(ii) of the provision of the items described in section 5(b)(1) to the abilities of Libya described in subparagraph (A), (B), or (C) of section 5(b)(1), or of the investment described in section 5(b)(2) on Libya's ability to develop its petroleum resources,

as the case may be; and

(D) a statement as to the response of the United States in the event that the person concerned engages in other activities that would be subject to section 5(a) or (b).

(3) EFFECT OF REPORT ON WAIVER.—If the President makes a report under paragraph (1) with respect to a waiver of sanctions on a person described in section 5(c), sanctions need not be imposed under section 5(a) or (b) on that person during the 30-day period referred to in paragraph (1).

SEC. 10. REPORTS REQUIRED.

(a) REPORT ON CERTAIN INTERNATIONAL INITIATIVES.—Not later than 6 months after the date of the enactment of this Act, and every 6 months thereafter, the President shall transmit a report to the appropriate congressional committees describing—

(1) the efforts of the President to mount a multilateral campaign to persuade all countries to pressure Iran to cease its nuclear, chemical, biological, and missile weapons programs and its support of acts of international terrorism;

(2) the efforts of the President to persuade other governments to ask Iran to reduce the presence of Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran and to withdraw any such diplomats or representatives who participated in the takeover of the United States embassy in Tehran on November 4, 1979, or the subsequent holding of United States hostages for 444 days;

(3) the extent to which the International Atomic Energy Agency has established regular inspections of all nuclear facilities in Iran, including those presently under construction; and

(4) Iran's use of Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran to promote acts of international terrorism or to develop or sustain Iran's nuclear, chemical, biological, and missile weapons programs.

(b) OTHER REPORTS.—The President shall ensure the continued transmittal to the Congress of reports describing—

(1) the nuclear and other military capabilities of Iran, as required by section 601(a) of the Nuclear Non-Proliferation Act of 1978 and section 1607 of the National Defense Authorization Act for Fiscal Year 1993; and

(2) the support provided by Iran for acts of international terrorism, as part of the Department of State's annual report on international terrorism.

SEC. 11. DETERMINATIONS NOT REVIEWABLE.

A determination to impose sanctions under this Act shall not be reviewable in any court.

SEC. 12. EXCLUSION OF CERTAIN ACTIVITIES.

Nothing in this Act shall apply to any activities subject to the reporting requirements of title V of the National Security Act of 1947.

SEC. 13. EFFECTIVE DATE; SUNSET.

(a) EFFECTIVE DATE.—This Act shall take effect on the date of the enactment of this Act.

(b) SUNSET.—This Act shall cease to be effective on the date that is 5 years after the date of the enactment of this Act.

SEC. 14. DEFINITIONS.

As used in this Act:

(1) ACT OF INTERNATIONAL TERRORISM.—The term ''act of international terrorism'' means an act—

(A) which is violent or dangerous to human life and that is a violation of the criminal laws of the United States or of any State or that would be a criminal violation if committed within the jurisdiction of the United States or any State; and

(B) which appears to be intended—

(i) to intimidate or coerce a civilian population;

(ii) to influence the policy of a government by intimidation or coercion; or

(iii) to affect the conduct of a government by assassination or kidnapping.

(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means the Committee on Finance, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Foreign Relations of the Senate and the Committee on Ways and Means, the Committee on Banking and Financial Services, and the Committee on International Relations of the House of Representatives.

(3) COMPONENT PART.—The term ''component part'' has the meaning given that term in section 11A(e)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2410a(e)(1)).

(4) DEVELOP AND DEVELOPMENT.—To ''develop'', or the ''development'' of, petroleum resources means the exploration for, or the extraction, refining, or transportation by pipeline of, petroleum resources.

(5) FINANCIAL INSTITUTION.—The term ''financial institution'' includes—

(A) a depository institution (as defined in section 3(c)(1) of the Federal Deposit Insurance Act), including a branch or agency of a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978);

(B) a credit union;

(C) a securities firm, including a broker or dealer;

(D) an insurance company, including an agency or underwriter; and

(E) any other company that provides financial services.

(6) FINISHED PRODUCT.—The term ''finished product'' has the meaning given that term in section 11A(e)(2) of the Export Administration Act of 1979 (50 U.S.C. App. 2410a(e)(2)).

(7) FOREIGN PERSON.—The term ''foreign person'' means—

(A) an individual who is not a United States person or an alien lawfully admitted for permanent residence into the United States; or

(B) a corporation, partnership, or other nongovernmental entity which is not a United States person.

(8) GOODS AND TECHNOLOGY.—The terms ''goods'' and ''technology'' have the meanings given those terms in section 16 of the Export Administration Act of 1979 (50 U.S.C. app. 2415).

(9) INVESTMENT.—The term ''investment'' means any of the following activities if such activity is undertaken pursuant to an agreement, or pursuant to the exercise of rights under such an agreement, that is entered into with the Government of Iran or a nongovenmental entity in Iran, or with the Government of Libya or a nongovernmental entity in Libya, on or after the date of the enactment of this Act:

(A) The entry into a contract that includes responsibility for the development of petroleum resources located in Iran or Libya (as the case may be), or the entry into a contract providing for the general supervision and guarantee of another person's performance of such a contract.

(B) The purchase of a share of ownership, including an equity interest, in that development.

(C) The entry into a contract providing for the participation in royalties, earnings, or profits in that development, without regard to the form of the participation.

The term ''investment'' does not include the entry into, performance, or financing of a contract to sell or purchase goods, services, or technology.

(10) IRAN.—The term ''Iran'' includes any agency or instrumentality of Iran.

(11) IRANIAN DIPLOMATS AND REPRESENTATIVES OF OTHER GOVERNMENT AND MILITARY OR QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN.—The term ''Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran'' includes employees, representatives, or affiliates of Iran's—

(A) Foreign Ministry;

(B) Ministry of Intelligence and Security;

(C) Revolutionary Guard Corps;

(D) Crusade for Reconstruction;

(E) Qods (Jerusalem) Forces;

(F) Interior Ministry;

(G) Foundation for the Oppressed and Disabled;

(H) Prophet's Foundation;

(I) June 5th Foundation;

(J) Martyr's Foundation;

(K) Islamic Propagation Organization; and

(L) Ministry of Islamic Guidance.

(12) LIBYA.—The term ''Libya'' includes any agency or instrumentality of Libya.

(13) NUCLEAR EXPLOSIVE DEVICE.—The term ''nuclear explosive device'' means any device, whether assembled or disassembled, that is designed to produce an instantaneous release of an amount of nuclear energy from special nuclear material (as defined in section 11aa. of the Atomic Energy Act of 1954) that is greater than the amount of energy that would be released from the detonation of one pound of trinitrotoluene (TNT).

(14) PERSON.—The term ''person'' means—

(A) a natural person;

(B) a corporation, business association, partnership, society, trust, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and

(C) any successor to any entity described in subparagraph (B).

(15) PETROLEUM RESOURCES.—The term ''petroleum resources'' includes petroleum and natural gas resources.

(16) UNITED STATES OR STATE.—The term ''United States'' or ''State'' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the United States Virgin Islands, and any other territory or possession of the United States.

(17) UNITED STATES PERSON.—The term ''United States person'' means—

(A) a natural person who is a citizen of the United States or who owes permanent allegiance to the United States; and

(B) a corporation or other legal entity which is organized under the laws of the United States, any State or territory thereof, or the District of Columbia, if natural persons described in subparagraph (A) own, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such legal entity.

The SPEAKER pro tempore (Mr. STEARNS). Pursuant to the rule, the gentleman from New York [Mr. GILMAN] and the gentleman from Indiana [Mr. HAMILTON] each will control 20 minutes.

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

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. Speaker, I rise in support of H.R. 3107, the Iran and Libya Sanctions Act of 1996 which mandates sanctions on persons making investments that would enhance the ability of Iran to explore for, extract, refine, or transport by pipeline petroleum resources.

It would also establish a mandatory sanctions regime on foreign persons who violate United Nations Security Council Resolutions 748 and 883 by selling weapons, aviation equipment, and oil equipment to Libya, a country responsible for the cowardly and unforgivable attack on Pan Am flight 103 in December 1988.

I take great pleasure in bringing before the House a bill that would put our country on the front lines of our fight to combat state-supported terrorism and that will help to induce our allies in Europe and Asia to join us in a multilateral sanctions regime against Iran.

This multilateral sanctions regime will allow the President to waive the application of sanctions against the nationals of a country that has put in place its own sanctions regime against Iran, but it will also require him to impose an enhanced sanction—in the form of a reduction in the trigger level for investment in Iran from $40 to $20 million—against the nationals of all other countries.

In short, the bill requires foreign companies to choose between investing in our market and those of Iran and Libya. In the process, it gives the President the policy tools he needs to begin fulfilling his pledges to increase diplomatic and economic pressure on the Iranian and Libyan Governments.

As approved by the Ways and Means Committee in close consultation with the House International Relations Committee, this bill imposes a sanction regime on companies helping to develop the oil and gas industries in Iran and Libya. Its enactment can sharply diminish the future revenues from oil and gas production of these rogue regimes and will put a halt to their campaigns of state-sponsored terrorism and their efforts to develop weapons of mass destruction.

Iran looms as the principal long-term threat to United States interests in the Persian Gulf and the Middle East. It continues its terrorist and subversive activities against its neighbors in the Gulf states and around the world, as far away as Argentina. Over the past year, Iran has actively supported efforts to destabilize Bahrain, promoting the Gulf Cooperation Council to issue a public statement admonishing Iran to put a halt to its subversive policies in the region.

Its leaders openly advocate the destruction of the state of Israel and its support for terrorist groups in Lebanon have led to renewed rounds of violence in that country and have set back the prospects for a peace accord in the Middle East.

Iran, like Iraq, has launched a clandestine program to build nuclear weapons and missile systems capable of delivering weapons of mass destruction payloads to targets up to 1,000 kilometers from its borders, thereby threatening key allies in the region including Jordan, Israel, and Turkey.

In his testimony before the House International Relations Committee on November 9, 1995, Peter Tarnoff, Under Secretary of State for political Affairs, noted that any foreign investment to help increase offshore oil and gas production would inevitably lead to increase financial support by Iran for its weapons of mass destruction and terrorist activities.

An April 1996 report on proliferation issued by the Office of the Secretary of Defense came to the same conclusion in regard to Libya. It noted it particular, that and I quote:

> Libya probably dedicates several hundred million dollars annually to acquire nuclear, biological and chemical weapons and missiles made possible by its substantial income from oil and gas exports.

In the most recent State Department report on global terrorism, it was noted that the end of 1995 marked the 4th year of Libya's refusal to comply with the demands of U.N. Security Council Resolution 731. This measure was adopted following the indictments on November 1991 of two Libyan intelligence agents for the bombing in 1988 of Pan Am flight 103 which killed 189 Americans.

This resolution endorsed the demands of the United States, the United Kingdom, and France that Libya turn over the two suspects for trial in the United States or the United Kingdom, pay compensation to the victims and fully cooperate in the investigations into the bombings of Pan Am 103 and UTA flight 772.

U.N. Security Council Resolution 748 was adopted in April 1992 as a result of Libya's refusal to comply with UNSCR 731.

Resolution 748 imposed sanctions that embargoed Libya's civil aviation and military procurement efforts and required all states to reduce Libya's diplomatic presence.

Yet another resolution adopted in November 1993, UNSCR 883, imposed additional sanctions on Libya, including a freeze on limited assets and an oil technology ban. To date, none of these efforts have produced these two indicted officials for trial either in the U.S. or the U.K.

I have consistently argued for and urged the administration to increase the pressure to comply with all existing U.N. resolutions and should adopt policies that can begin to implement some of the campaign promises that Governor Bill Clinton made in September 1992 to the family of one of the Pan Am 103 victims to broaden oil sanctions on Libya.

Adoption of the provisions in this bill in regard to Libya will put teeth in these U.N. sanctions and give the President the authority he needs to begin imposing sanctions on companies making new investments in the oil and gas sector in this terrorist country.

By imposing a total embargo on Iran in March of last year, the administration took an important step in our efforts to isolate Iran. Together with the Junior Senator from New York, Mr. D'AMATO, I have been pressing the administration to take additional steps to reduce Iran's funding sources for its worldwide subversive activities and for its programs supporting weapons of mass destruction.

If we want our deeds to match our words in this effort, enactment of this bill is the next and necessary step to contain the terrorist activities of both Iran and Libya. By asking foreign companies to make a simple choice between the American market and those of Iran and Libya, this bill will help the administration deliver an unmistakable message to our European and Asian allies that the era of critical bilateral dialog is over and the time for multilateral action has now begun.

The bipartisan bill before us today requires the President to impose sanctions on companies making investments of $40 million or more that would enhance the ability of Iran to develop its petroleum resources.

If he made such a determination, the President would have to pick two or more sanctions from a list of six sanctions including: A denial of Eximbank assistance; a denial of specific licenses for the export of controlled technology; a suspension of imports under the provisions of the International Emergency Economic Powers Act; a prohibition on a sanctioned financial institution from serving as a primary dealer in U.S. Government debt instruments; a prohibition on any U.S. financial institution from making any loan to a sanctioned

person over $10 million a year; and a ban on any U.S. Government procurement of any goods or services from a sanctioned person.

The legislation allows the President to delay imposition of sanctions for 90 days to pursue consultations with the government of the sanctioned person to end the sanctionable activities. An additional 90 day delay is permitted if he determines that he is making progress toward this goal.

The President may also waive any of these sanctions if he determines that doing so is in the national interest.

This bill also includes a 5-year sunset provision.

Adoption of a companion Iran and Libya sanctions bill in the Senate on December 22, 1995, has already had a deterrent effect on potential investors and oil field suppliers to Iran and Libya. The enactment of this measure today will ensure that we can maintain this deterrent on further investments in these rogue regimes.

Mr. Speaker, I would like to pay tribute to the many members on the International Relations Committee and the Ways and Means Committee who worked long and hard to make the legislation possible. Subcommittee Chairman DAN BURTON, Representative PETER KING, the respective ranking members of the Asia and Pacific Subcommittee and the International Economic Policy and Trade Subcommittee, Representatives HOWARD BERMAN and SAM GEJDENSON, as well as Chairman BILL ARCHER and Trade Subcommittee Chairman PHIL CRANE.

I urge the adoption of H.R. 3107.

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

Mr. Speaker, I reserve the balance of my time.

Mr. HAMILTON. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I want to begin by commending the Members I think are most responsible for producing this compromise bill. The gentleman from New York, Chairman GILMAN, the gentleman from Texas, Chairman ARCHER, and the gentleman from Iowa, Chairman LEACH, all deserve credit for their willingness to look for creative solutions to their differences.

I also want to say a word of appreciation to the gentleman from Connecticut [Mr. GEJDENSON] and the gentleman from California [Mr. BERMAN] and the other original cosponsors of the bill because of their willingness to advance the bill and to support the agreement that has been reached today.

Finally, may I say that the administration, which supports this bill, also deserves credit, I think, for helping Members understand the implications of the bill for U.S. diplomacy and U.S. economic interests.

There is very little disagreement between the United States and its allies about the challenges posed by the two countries that are the focus of this bill. Iran poses a serious threat to several shared security interests. It is a confirmed sponsor of terrorism. It is trying to develop weapons of mass destruction. It seeks to undermine the Middle East peace process. It is pursuing a military buildup that could enable it to threaten shipping traffic in the Persian Gulf. Libya continues to harbor terrorists responsible for the death of more than 300 Americans and others on Pan Am flight 103, and it is also developing weapons of mass destruction and threatening the security of its neighbors.

The premise of this bill, which I believe to be a correct one, is that the best way to curb Iran and Libya's dangerous conduct is to limit the oil and gas export earnings that help pay for it. This has been a principal goal of U.S. policy for several years. In our effort to squeeze the economies of Iran and Libya, the United States has cut off all of its trade with both countries. But the impact of unilateral sanctions is limited, so we also have urged Iran's and Libya's main trading partners to restrict or sever their economic ties.

Despite our efforts and despite the egregious conduct of Iran and Libya, many of our friends have maintained their ties with both countries. So the dilemma here for United States policy is to find ways to increase the economic isolation of Iran and Libya without, in the process, causing undue harm to our own economy or to our relations with our allies.

H.R. 3107 makes a very good start in responding to that policy dilemma. The ultimate goal of this bill is not to punish foreign firms but to persuade other governments to adopt measures that squeeze the economies of Iran and Libya.

We do not know whether we are going to achieve that goal for some time, but this bill does give to the President of the United States the tools to enable him to have the flexibility in implementing U.S. sanctions. For that and other reasons, I strongly urge the approval of this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. GILMAN. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. SOLOMON], distinguished chairman of our Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman, the chairman of the Committee on International Relations, for yielding time to me.

I rise in very strong support of this measure which would tighten economic sanctions against two deadly enemies of the United States, the dictatorial Governments of Iran and Libya. I commend the distinguished chairman of the Committee on International Relations for his outstanding work in bringing this bill to the floor. This measure uses our best weapon against these regimes and other countries which support them, the power of the American purse. With 260 million American people and the highest standard of living on Earth, the United States represents a market that is just too lucrative for other countries to ignore when they want to trade with us.

That is why this bill makes so much sense, Mr. Speaker.

It would impose a range of economic sanctions against other countries that irresponsibly abet the terrorist activities of Iran and Libya by investing their oil sectors or supplying them with oil-related goods or technologies.

When these countries face the prospect of losing part of our vast American market, they will think twice about their investments in these two outlaw nations, and that is what they are.

Mr. Speaker, the terrorist threat is real. It is growing. Stiff measures like this are called for. We all know that Libya, under Colonel Qadhafi, and Iran, under fundamentalist dictatorship, are two of the world's major sponsors of terrorism. Their capabilities to conduct acts of terror are increasing at an alarming rate.

Let us take a look at Iran. As we speak, Iran is in a furious drive to acquire weapons of mass destruction aided and abetted by Communist China, which by the way is another nation we ought to be imposing sanctions on instead of giving them carte blanche favored-nation treatment. We will deal with that a little bit later this month.

In the past few months alone, we have seen reports that Communist China has been supplying Iran with cruise missiles, chemical weapons technology and plutonium processing technology. Couple this with nuclear reactor technology supplied by another great country, Russia, and we can clearly see what Iran is up to and what kind of threat we face.

Mr. Speaker, it is time to act now before it is too late. That is why Chairman GILMAN and Chairman ARCHER deserve our highest praise for working so hard to bring this bill to the floor. Come over here and let us pass it. It is important.

Mr. HAMILTON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Connecticut [Mr. GEJDENSON] who is an original sponsor of the bill.

Mr. GEJDENSON. Mr. Speaker, Iranian profits are used to murder innocent civilians on the streets of Tel Aviv and Jerusalem and those who trade with Iran, like those who traded with the Nazis, irrespective of their murderous act, aid and abet them.

The debate we have here today is what action we can take following support of the chairman and the ranking member of the Committee on International Relations and the President of the United States in trying to isolate Iran and reduce its ability to assist the murder of innocent civilians.

Unfortunately, most of our democratic allies in Europe and Japan are not being helpful. They will pay a price as surely as the nations who ignored terrorism in the early 1960's and 1970's soon found that it existed not just isolated in Israel and the Middle East but across the globe.

There is a clear and direct link between Iran's ability to profit from its oil sales and assistance to terrorist Hezbollah and other causes. When Secretary of State Christoper was in Syria, it was reported that Iranian planes with arms landed there to aid Hezbollah attacks on the Israelis and the peace process.

Today it is Iranian rockets, grenades and bombs. But what happens if Iran, months or years from now, when they have the ability to deliver nuclear or chemical weapons. Today Iran threatens women and children and men on buses. An Iran which uses its profits to develop nuclear and chemical weapons will be an Iran that threatens the globe.

Corporate profits must be put aside here as the President has led us and in the so-called civilized world.

We must deny companies who profit from exports to Iran the opportunity to access our markets. We have begun that process with this legislation. I am writing to the banks and economic entities in the G–7 countries warning them that we will monitor their activity. And if they fail to join us, we will take further actions.

If the Baader Meinhof gang had territory, would the German Government have traded with them when they blew up innocent German civilians? I think not. The Iranians may have territory and a government, but they should not be allowed to continue to profit and murder innocent children.

Some of my European and Japanese friends have been offended that I point out their complicity. Well, if this offends them, it does not worry me in the least. It offends me to see the arms and legs and bodies of children and adults strewn on the streets of Israel.

Mr. Speaker, I include for the RECORD the following letter:

ONE HUNDRED FOURTH CONGRESS,
CONGRESS OF THE UNITED STATES,
COMMITTEE ON INTERNATIONAL RELATIONS, HOUSE OF REPRESENTATIVES,
Washington, DC, June 18, 1996.

Mr. JOCHEN SANIO,
Vice President, Federal Banking Supervisory Office, Gardschutzenweg 71–101, D–12203 Berlin, Germany.

DEAR MR. SANIO: As you may be aware, many of my colleagues and I are concerned about the flow of foreign money into Iran's petroleum sector. The U.S. State Department has found that Iran's financial capability to build weapons of mass destruction and to support international terrorism depends on Iran's ability to explore for, extract, refine, or transport by pipeline its petroleum resources.

In legislation now proceeding through Congress, the President will be required to impose sanctions on foreign companies that invest in Iran's oil sector. To some extent, the legislation will stop short of imposing sanctions on foreign entities that finance such investments. However, financing of these projects remains a major concern.

I know that your government shares our concern over the threat posed by an Iran armed with nuclear weapons. I would hope that your government would therefore take action to preclude the financing of petroleum development by the financial institutions in your country. The U.S. Congress will be carefully monitoring foreign funding of Iran's oil development. Should foreign banks choose to ignore the threat posed by Iran, I have no doubt that the U.S. Congress will revisit this issue and pass legislation that would impose sanctions on foreign institutions that finance petroleum development in Iran.

I look forward to working with you on this issue of mutual concern.

Sincerely,

SAM GEJDENSON,
Ranking Member, Subcommittee on International Economic Policy and Trade.

Mr. GILMAN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Wisconsin [Mr. ROTH], chairman of our Subcommittee on International Economic Policy and Trade.

Mr. ROTH. Mr. Speaker, I thank the gentleman, my chairman, for yielding time to me.

Mr. SPEAKER, first let me commend the gentleman from New York [Mr. GILMAN] and the gentleman from Texas [Mr. ARCHER] for their work on this issue.

No one can question their commitment to fighting terrorism.

Moreover, there is no doubt that Iran and Libya are rogue states.

The leaders of these regimes have violated every standard of acceptable behavior.

I share the goal of turning Iran and Libya away from terrorism, away from making weapons of mass destruction and away from brutality against their own people.

But I believe this legislation is a step backward not forward.

In my judgment, this bill will not work, for three reasons.

First, economic sanctions simply do not work in today's world when the United States acts alone.

Sanctions did not work against Vietnam. They have not worked against Cuba. And they have not worked against China. Iran has 65 million people and a $300 billion economy.

Libya has 5 million people and a $33 billion economy.

Neither country can be isolated, geographically or economically. In both countries, exports are growing. From 1988 to 1994, Iran's exports grew nearly 50 percent, to $19 billion. Libya's exports grew nearly 10 percent, to $8 billion.

The reality is, none of Iran's or Libya's major trading partners will go along with our sanctions. Not Germany, not France, not Italy, not Spain, not Japan.

Without their cooperation, how will our sanctions ever work?

This brings me to the second flaw in this bill.

This legislation would impose a secondary boycott on our closest allies. The sponsors argue that the bill will force Europe to choose between trading with us and trading with Iran and Libya. This will never work.

The only effect of this bill has been to unify the European Union—all 15 members—against our policy toward Iran and Libya.

If this becomes law, we should expect blocking statutes to prevent European companies from complying. Aside from Europe, the Muslim countries of the Middle East, South Asia, and the Caucasus will not comply.

Look what is happening with Iran. Pakistan now has an economic alliance with Iran.

Kazakhstan and Armenia have started a new joint venture with Iran to develop a huge oil field and build a pipeline.

We have invested a lot to cultivate good relations with these former Soviet Republics.

Are we going to impose sanctions and throw away all our work over the past 5 years? And if we do sanction these countries, how will they respond?

This legislation is not isolating Iran or Libya—it is isolating ourselves. No one should be surprised. After all, the Arab League boycott of Israel has been a total failure.

We and the Europeans all prevented our companies from complying. The same thing will happen with this legislation.

Finally, this bill is a mistake because it provides the leaders of Iran and Libya with a convenient excuse for their own failures. Both regimes have inflicted great suffering on their people.

The elites siphon off more and more money to prop up their regimes.

But as the discontent rises among the Libyan and Iranian people, Gaddhafi and the Ayatollahs will just point to the United States and say: ''See what the Americans are doing to you.''

Mr. Speaker, our goal should be to change Iran's and Libya's behavior.

But whatever we do, it has to be effective. We need our allies with us, not against us.

There was a time when the United States could sound the alarm and Europe would rally to our side. That day is over.

Economic sanctions do not work when they are unilateral. If we enact this bill, we will take a step backwards.

Iran and Libya will still be rouge regimes. And we will have jeopardized our relations with the very countries whose support we need to eventually reach the goal of turning Iran and Libya away from terrorism. This bill will pass—but what will be the result?

□ 1730

Mr. HAMILTON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California [Mr. BERMAN], also an original cosponsor of the bill.

Mr. BERMAN. Mr. Speaker, I thank the ranking member of the committee for yielding this time.

Mr. Speaker, I would like to focus my comments in addressing the remarks just made by my friend, the gentleman from Wisconsin. First of all, given his

comments, I am quite pleased that he was willing to support this bill when it moved through the Committee on International Relations, and I appreciate that support.

Second, Mr. Speaker, the bill does not affect exports to Iran. The bill affects and imposes sanctions on companies which invest in Iran, which meet the threshold of investment in Iran, and just in Iran's energy sector. It is a targeted bill focused on trying to squeeze the source of financing for a totally accepted, universally acknowledged practice that the Iranians have of exporting terrorism and financing terrorism throughout the Middle East and in other areas, as well to meet their own purposes. It seeks to squeeze the financing by blocking the investments in Iran's energy sector so they are hampered in what everybody acknowledges is their concerted effort to develop weapons of mass destruction.

Iran is seeking a nuclear reactor. They claim they are for peaceful purposes. This is the most oil-rich country in the world. The notion that they need a peaceful nuclear energy program for energy sources is absurd on its face. No one but the most innocent and unsophisticated observer can assume there is any other purpose in their particular program.

I want to comment on the European reaction, particularly the German and Japanese reaction. They say our way is better, our way is constructive dialog. They have been engaged in this constructive dialog for years and years and years, with nothing to show for it. The Iranian and Libyan effort to develop weapons of mass destruction continues. The support for terrorism continues. I suggest that these arguments about finding moderate, geopolitical considerations, are all smokescreens for commercial interests which are governing that particular policy.

What happened to a western alliance of free would countries that was committed in the course of the cold war to dealing with totalitarian actions, imperialism, aggressive conduct, and seeking to reduce and avoid the threat of nuclear war? Has it been so blown apart that countries that share our values and claim to share our values turn their back, pursue policies that are just smokescreens for commercial interests, and watch this happen?

This bill that the gentleman from New York [Mr. GILMAN] and the gentleman from Connecticut [Mr. GEJDENSON] are sponsoring, and I am a cosponsor of, and has been supported in our committee, is one crucial step to make our sanctions meaningful. They are a message to countries that we are allied with normally, that they have to think twice about what has come from constructive dialog.

Mr. GILMAN. Mr. Speaker, I am pleased to yield 1 minute to the distinguished gentleman from Ohio [Mr. BOEHNER], the chairman of our House Republican Conference.

Mr. BOEHNER. Mr. Speaker, I rise today in strong support of the Iran Oil Sanctions Act of 1996. This legislation is the result of much hard work and compromise between the Committee on International Relations and the Committee on Ways and Means. I really want to commend my colleagues for bringing forward this very important piece of legislation.

The bill is necessary to erode Iran's and Libya's ability to finance international terrorism in chemical, biological, and nuclear weapons development programs. By targeting these countries' primary moneymaking industries, this legislation strikes at the heart of Iran's and Libya's efforts to undermine the Middle East peach process and to terrorize its peaceful neighbors.

This bill sends a clear message to these countries that the United States will not tolerate the flouting of international law and international norms of behavior. At the same time, it shows strong leadership to our allies and serves as an example to be followed.

I urge my colleagues to support this very important bill.

Mr. HAMILTON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Maryland [Mr. CARDIN].

(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Speaker, I thank the distinguished ranking member of the Committee on International Relations for yielding me this time and for the work that he has done in this area.

Mr. Speaker, I rise today to urge all my colleagues to support the Iran-Libya Sanctions Act. This is a tough bill. It is a bill that I think has been made smarter and tougher as a result of the negotiations that took place between the three committees that had jurisdiction on the bill: the Committee on International Relations, the Committee on Banking and Financial Affairs, and the Committee on Ways and Means. I am particularly pleased that we were able to strengthen the bill in a very important area. That is for a multinational approach to dealing with this issue.

Mr. Speaker, we offer a carrot-stick approach to our allies to assume responsibility as to the terrorist activities that Iran and Libya are engaged in, to enter into an international effort to isolate these countries. Make no mistake about it, the investments that go into Iranian infrastructure for oil finance the money that are being used for terrorist activities. The President, the Secretary of State, the director of the CIA, have all identified Iran as the world's leading sponsor of international terrorism. This bill is directly aimed at dealing with that fact, it is indisputable, to dry up the dollars supporting international terrorist activities. That is in the security interests of the United States.

The families of the victims of PanAmerican 103 keep us focused on the continued treachery of Libya. We must continue to strengthen the enforcement of sanctions against Libya as approved by the United Nations. All this bill does is to make it clear that we are going to isolate those two countries. It preserves the leadership of the United States in making it clear to countries that harbor terrorists that we will not allow them to participate in the international marketplace and to secure international investments. That is what this stands for.

We, before, provided the leadership to the world in the actions that we did in the former Soviet Union. This is a bill that is worthy of the entire support of this membership and I urge Members to vote for it.

Mr. GILMAN. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from New Jersey [Mr. ZIMMER].

Mr. ZIMMER. Mr. Speaker, I thank the gentleman for yielding time to me, and I thank the gentleman from New York and the gentleman from Texas [Mr. ARCHER] for bringing this important bill before us today.

Mr. Speaker, I am a cosponsor of the Iran and Libya Oil Sanctions Act. I strongly urge Congress to pass it, and the President to sign it into law swiftly. Terrorism has emerged in the wake of the cold war as the leading threat to democracy and world security. Innocent men, women, and children have been brutally murdered by vicious acts of violence of those who prefer destruction to peace. In many cases, this terrorism has been sponsored not by private fringe groups but by national governments. I strongly believe the United States should be as bold in isolating and weakening these governments as they are in the support that they lend to the destruction of innocents.

We have the opportunity to address this international pathology in the Iran and Libya Oil Sanctions Act, which is aimed at two of the world's leading sponsors of terrorism. The State Department considers Iran the No. 1 state sponsor of international terrorism, and reports that its terrorist activities are increasing. It is the major financier of some of the most sinister terrorism groups in the world, including Hamas and the Islamic Jihad.

Libya is constructing the world's largest chemical weapons complex. That rogue nation harbors terrorists and refuses, to this day, to hand over those suspected of instigating the terrorism bombing of Pan American Flight 103 over Lockerbie, Scotland, which took 270 innocent lives, including 189 Americans. My home State of New Jersey suffered more lost lives, 37, than any other single State in that deliberate act of horror.

Mr. Speaker, what Iran and Libya have sponsored is murder. We should never accept the idea of aiding and abetting, directly or indirectly, any nation that knowingly and willfully sponsors terrorism and threatens world peace.

Mr. HAMILTON. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding time to me, and I commend him and the gentleman from New York [Mr. GILMAN], as well as the leadership of the Committee on Ways and Means and everyone else who had anything to do with bringing this to the floor. I think it is a very important piece of legislation.

Mr. Speaker, we must have zero tolerance for terrorism. I think this bill sends a very strong message that we are serious about that. I support the bill, as I said, and I am particularly pleased about the requirement in the bill called Presidential reports. It says:

> The bill requires the President to report periodically to Congress on efforts to persuade other countries to pressure Iran to cease weapons of mass destruction programs, support of international terrorism, and on attempts to urge Iran's

and it goes on for some other consideration about diplomats.

It also only grants the President a waiver if the President certifies to Congress that Iran has ceased its efforts to develop and acquire a nuclear explosive device, chemical or biological weapons, or ballistic missiles or missile technology, and has been removed from the countries determined under the Export Administration Act of having supported international terrorism.

I call this to the attention of our colleagues, Mr. Speaker, because it seems to me this is a very important step to take. This requirement on the President is an important one. At the same time, though, as we are putting out these requirements, indeed even the same day, the Committee on Ways and Means is moving on China MFN. These two issues are not connected, except in one way: China is one of the leading suppliers of technology for nuclear, chemical, and missile weaponry, weapons of mass destruction.

So if our purpose in this legislation is to reduce terrorism, if our purpose in this legislation is to say that the President may only waive this bill when Iran stops developing nuclear and chemical, biological, and the list goes on, ballistic and other explosive devices, then why do we not get to the source and take action against those countries, China being leading among them, that are supplying Iran with that technology? The sanctions should be at the source as well as with Iran, who deserves them.

□ 1745

Mr. GILMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut [Mr. GEJDENSON], the senior member of our Committee on International Relations.

Mr. GEJDENSON. Mr. Speaker, I would like to engage the chairman in a colloquy, if I may. I have several technical questions about H.R. 3107, as amended.

First, section 5(e) of the bill as amended states, ''The President shall cause to be published in the Federal Register a list of all significant projects which have been publicly tendered in the oil and gas sector in Iran.'' Will this be a comprehensive list for purposes of the sanctions provisions of the bill?

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

Mr. GEJDENSON. I yield to the gentleman from New York.

Mr. GILMAN. No, Mr. Speaker the list may not necessarily be comprehensive. In such a case, the investor could be subject to sanctions under the bill notwithstanding that the project did not appear on the list published in the Federal Register.

Mr. GEJDENSON. Second, if section 5(f)(3) of the bill as amended exempts from the bill's requirement to impose sanctions ''products, technology, or services provided under contracts entered into before the date on which the President publishes in the Federal Register the name of the person on whom the sanctions are to be imposed,'' does this provision mean the sanctions cannot be imposed under section 5(a) or 5(b) on a person for actions taken by that person prior to the publication of that person's name in the Federal Register?

Mr. GILMAN. No, that would be an illogical construction of the provisions. Section 5(f)(3) is essentially a contract sanctity provision.

Mr. GEJDENSON. Third, I was hoping the chairman could explain how section 5(d) of the bill as amended is intended to apply. Am I correct that under section 5(d), if a parent company engages in investment activities that cause the subsidiary to be subject to sanctions, the parent itself will be subject to sanctions?

Mr. GILMAN. That is correct.

Mr. GEJDENSON. Am I also correct that if the parent company supervises and guarantees the subsidiary's investment activities, the parent will be subject to sanctions?

Mr. GILMAN. That is correct.

Mr. GEJDENSON. Am I further correct that if the parent company has an equity share or profit-sharing relationship to the investment, the parent company also will be subject to sanctions?

Mr. GILMAN. That is correct.

Mr. GEJDENSON. Finally, I would like to draw the gentleman's attention to the concern I expressed in my statement about the prospect that foreign banks may finance oil development in Iran. I would ask the gentleman, does he share my concern?

Mr. GILMAN. I certainly do. The financing of oil development in Iran poses virtually the same threat as investments in those same projects.

Mr. HAMILTON. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Florida [Mr. DEUTSCH].

Mr. DEUTSCH. Mr. Speaker, this is a bill that unfortunately we might look back in 5 to 10 years and say this is one of the most important pieces of legislation that this Congress will pass in this session of Congress. It really is dealing with a threat that is out there, not just to the United States but to the entire world, a threat dealing with issues of Iran's terrorism in terms of their activism, in terms of the islands off Iran in the Strait of Hormuz, including their issues in terms of missiles, in terms of diesel submarines.

We have the ability by this legislation to weaken their potential to do that. That is exactly what we are trying to do. It is very narrowly, specifically drawn in terms of attacking them where it could hurt the most in terms of their ability to increase their production of oil and to gain revenues to do that.

Iran stands out as really a rogue nation today, committed to force terrorism throughout the entire planet, not just in our hemisphere. I urge support of the amendment.

Mr. GILMAN. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BERMAN].

(Mr. BERMAN asked and was given permission to revise and extend his remarks.)

Mr. BERMAN. Mr. Speaker, I seek to have a colloquy with the chairman.

I have several technical questions about provisions in the amendment in the nature of a substitute to H.R. 3107.

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

Mr. BERMAN. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Speaker, I will be pleased to respond to the questions of the distinguished ranking minority member of our Subcommittee on Asia and the Pacific.

Mr. BERMAN. First, I note in section 6 of the amendment in the nature of a substitute there are six possible sanctions that could be imposed pursuant to section 5. Is it the case that the President must, under section 5(a) for example, select two of the sanctions listed in section 6 to apply to a sanctioned person, but after selecting them the President may decide not to actually apply them to the sanctioned person?

Mr. GILMAN. No, that is not the intent of section 6. The sanctions identified in section 6 are intended to be mandatory when selected pursuant to either section 5(a) or 5(b)(1).

Mr. BERMAN. I thank the chairman.

Second, it is suggested that the President may have flexibility under sections 5 and 6 to impose sanctions on a person that, because of the nature of that person's business, are meaningless to that person as a practical matter. Would such action by the President be consistent with the intent of sections 5 and 6?

Mr. GILMAN. No, the imposition of meaningless sanctions would be inconsistent with our intent.

Mr. BERMAN. Finally, I note that the definition of ''investment'' set forth in section 14(9) states, ''The term 'investment' does not include the entry into, performance, or financing of a contract to sell or purchase goods,

services, or technology.'' What is the purpose of this exception?

Mr. GILMAN. This language in the definition of ''investment'' is intended to underscore that, particularly with respect to Iran, the amendment in the nature of a substitute does not contain a trade trigger for the imposition of sanctions.

Mr. BERMAN. I thank the chairman.

Mr. HAMILTON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from New Jersey [Mr. TORRICELLI].

Mr. TORRICELLI. I thank the gentleman for yielding time.

Mr. Speaker, I too, want to congratulate the gentleman from New York [Mr. GILMAN], the gentleman from Indiana [Mr. HAMILTON] and the work of our committee in bringing this sanctions legislation before the House today. But I would be less than honest if I did not also express some profound disappointment.

If this legislation today had come before the House in an amendable fashion, I would have been offering an amendment to provide that the sanctions against Iran would remain in place not simply until it ceases terrorism against the world but until it respects the rights of its own people. In enacting sanctions against Iraq, Vietnam and Cuba, this body respected the rights of the people in those countries and insisted upon strong sanctions until the war against them, their political rights, their freedom and their safety was respected. Somehow with regard to the Iranian people, despite the deaths of the Baha'is, Christians, Jews, a Moslem majority, we take no such action. Because this bill comes before us on the suspension calendar, that amendment is not possible and indeed it is on the suspension calendar so such amendments are not possible.

It will be difficult to explain to Iranian-Americans and indeed one day to the people of Iran when they ask, ''You took sanctions to defend yourselves, why did you not take them to respect us?''

Second, Mr. Speaker, I also express profound disappointment because this is not the same legislation that left the Committee on International Relations. We had sanctions against Libya but they were mandatory. Until Colonel Qadhafi handed over to international justice those who were responsible for Pan Am 103, there were going to be sanctions, no ands, ifs, or buts. But between the cup and the lip, they became optional. A sigh of relief in Tripoli, and, frankly, Mr. Speaker, a difficult explanation in my State to the 37 families who thought we were going to have mandatory sanctions and now are left at home wondering why.

Mr. Speaker, I have participated in many proud and principled moments on this floor when this Congress has taken strong positions. I am glad today that we, if we alone in the world, stand up to Iran and Libya in their injustice. But frankly we could have done more, for Iranians locked in the prison of their own country who want someone to stand up not only to international terrorism but domestic abuse as well, and to those poor families left wondering why there is an option in standing up to Qadhafi.

Mr. HAMILTON. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, the Iran Oil Sanctions Act strikes at the heart of international terrorism.

For too long, terrorists have menaced innocent people around the world with their cowardly attacks. Sadly, we have seen the tragic effects of these attacks many times this year. Hamas bombings claimed nearly 60 lives in Israel while recent rocket launches by Hezbollah threatened the lives of those in northern Israel.

Talking reason will not get us very far with fanatics who are willing to kill men, women, and children whose only fault was to be in a marketplace, on a bus, or on an airplane at the wrong time. We need to cut the supply line that allows terrorist groups to continue their disgraceful campaigns. We need to cut the flow of funds to these criminals.

Iran and Libya stand out as major sponsors of terrorism around the world. This bill strikes at these backers of devastation and will limit their ability to underwrite acts of terror as they have done for far too long.

I urge my colleagues to take this stand against those who bankroll cruel terrorist violence.

Mr. HAMILTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

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

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, in the most recent State Department report on international terrorism, Iran was again deemed the most dangerous state sponsor of terrorism.

On May 21, in a speech before a symposium of a prominent Middle East think tank, the Washington Institute for Near East Policy, our Secretary of State, Mr. Christopher, said Iran was guiding, as well as funding and training, radical groups opposed to the Arab-Israeli peace process.

Earlier this month, Bahrain presented hard evidence that Iran was involved in attempts to destabilize that country, an important U.S. ally in the gulf. Several of those captured by Bahraini authorities admitted to have been trained in Iran and by Iranian agents in Lebanon.

We have learned just last week that Iran is using its virtual takeover of the Abu Musa island in the Persian Gulf to improve port facilities on that island and Iran could use that expanded port facility to handle the fast patrol boats it has recently received from China.

We are calling on other nations now to curtail any efforts to refinance Iran's mounting bilateral debts and to end their supply of arms and technology to Iran and to Libya. We strongly urge Russia to stop work on its contract to finish Iran's nuclear reactor in Iran.

Enactment of this bill is a vital element in the administration's policy of containment of Iran and of Libya and I urge its immediate adoption.

Mr. FAZIO of California. Mr. Speaker, I rise in strong support of the legislation before us today. The Iran Oil Sanctions Act of 1996 will impose sanctions on persons exporting certain goods or technology that would enhance the ability of Iran or Libya to explore for, extract, or refine their petroleum resources.

This bill will help to deter these rogue states from supporting international terrorism or acquiring weapons of mass destruction which would lead to greater regional instability.

I believe that this bill is a critically important element in our policy of cutting off the sources of funding to the Iranian and Libyan regimes who are responsible for much of the state-sponsored terrorism which continues to plague the region.

Since the 1979 seizure of the American Embassy in Tehran, economic sanctions have formed a key part of our Nation's policy toward Iran. Various actions taken by our Government have disqualified Iran from receiving United States foreign aid, sales of items on the United States munitions lists, Eximbank credits, and United States support for foreign loans. In addition, strict licensing requirements are needed for any United States exports of controlled goods or technology.

This legislation adds to these restrictions by exploiting Iran's economic vulnerabilities, particularly its shortages in hard currency. By pressuring the Iran Government in this fashion, we will force it to change its behavior.

Iran threatens our national interests. It openly sponsors groups bent on regional and global acts of terror and it is actively pursuing weapons of mass destruction. As Under Secretary of State Peter Tarnoff said before the House International Relations Committee last fall, ''a straight line links Iran's oil income and its ability to sponsor terrorism * * *.''

This bill serves that link. I urge all of my colleagues to support H.R. 3107.

Mr. ARCHER. Mr. Speaker, as many of my colleagues know, I was not a proponent of H.R. 3107 as introduced. I want to thank Mr. GILMAN, Mr. LEACH, Mr. CLINGER, and the respective committees involved for their efforts to work out the agreed substitute amendment, which was approved by the Committee on Ways and Means on June 13. These changes, which are incorporated in the bill before us today, make it possible for me to support the Iran and Libya Sanctions Act of 1996.

While we can differ on approach, Americans are united in their perception that Iran is using economic benefits, gained through foreign investment in its oilfields, to support expanded terrorist attacks and the accumulation of weapons of mass destruction.

Likewise, Libya refuses to relinquish the two individuals accused of bombing the Pan Am 103 flight over Scotland to face criminal charges, and fails to respect norms governing weapons of mass destruction. Americans remain fundamentally dismayed that, as our

firms pull back from investment and trade with these countries, our trading partners and allies are not restrained in their pursuit of lost United States contracts.

The bill reported from the Ways and Means Committee reaffirms my goal that our trading partners join with the United States in a multilaterally agreed regime to stem Iran's ability to export international terrorism to the rest of the world. Too many innocent individuals have suffered at the hands of Iran's Government for business as usual to persist. In this bill, we make clear that our allies cannot continue to look the other way.

However, this legislation puts a priority on supporting the achievement of a multilateral agreement to isolate Iran economically.

In order to keep the focus on achieving change in Iran, the substitute contains provisions providing discretion for the President. Thus, we ensure that he is in the best position to be persuasive with our trading partners, and to respond to violations judiciously. Where the President determines a country has taken substantial measures to join with us to contain the threat of Iran to international peace and security, section 4 of the bill permits a waiver of the application of sanctions.

While the investment trigger for Iran remains mandatory in the new bill, the substitute increases the number of choices available to the President on the menu of sanctions he has to choose from.

In this and all other cases the President has authority to waive sanctions if their application would hurt the national interest. The waiver authority is intended to be broad enough to accommodate instances when invoking sanctions would be violative to international trade obligations.

I want to emphasize that the bill as reported from the Committee on Ways and Means treats the cases of Iran and Libya differently, because of their unique economic histories and geopolitical circumstances. While a mandatory trade trigger is viewed by the Committee on Ways and Means as unworkable for Iran, and therefore not included in the substitute, such a mechanism has been included as a tool for Libya. The difference is that a multilateral regime is already in place for Libya.

Subsection 5(c) also provides the President with the discretion to impose sanctions in connection with new, large investments in Libya's petroleum sector, if he believes it would advance U.S. interests to do so.

I hope our allies can appreciate the deep and urgent commitment in Congress for increasing pressure on Iran and Libya to end their lawless behavior. While the approach of H.R. 3107 carries with it the risk of exposing U.S. exporters and investors to possible retaliation, this threat has been minimized in the substitute. With the addition of solid contract sanctity language, and strict limitations on vicarious liability for companies with parents or subsidiaries located abroad, the bill should not engender the same serious criticism.

Finally, the 5-year sunset provision in the bill ensures that this type of legislation does not remain on the books indefinitely. The committee report indicates that because this is such a difficult policy area, it will be important for Congress to revisit these issues in 5 years in order to evaluate the behavior of Iran and Libya, and whether this bill has been effective.

To summarize, Mr. Speaker, my greatest fear has been that world attention would shift to United States violations of trade agreements and away from the targets of our condemnation—Iran and Libya. I strongly urge the President to implement H.R. 3107 in a manner that respects our international trade obligations. To the nations of Europe, Japan, Australia, and others I renew a pledge to work together to establish a multilateral solution that isolates these two outlaw nations.

Let's join forces and accomplish the job. Working together involves each country taking substantial measures that achieve results—mere words will no longer suffice.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise today to express my concern with the precedent that could be set by provisions of H.R. 3107, legislation originating in the International Relations Committee, and referred to the Ways and Means Committee on which I serve.

No one argues that the goal of bringing the Pan Am 103 bombers to justice, nor with containing international terrorism and the proliferation of weapons of mass destruction. We must find ways to increase United States and international pressure on these rogue nations and the threat they pose to U.S. interests. However, I do have concerns with H.R. 3107's provisions that may rely on unilateral actions rather than multilateral cooperation.

The concept of a secondary boycott was opposed by the United States when the Arab League used it against Israel in the 1970's and 1980's, and remains contrary to the principles endorsed by this very body when it approved NAFTA and GATT. Indeed, U.S. law, most recently enacted in the Export Administration Act, has long prohibited any U.S. person from ''complying with or supporting'' a foreign boycott against another country.

The use of trade sanctions to accomplish trade law compliance is vital and appropriate but the use of trade sanctions as a foreign policy tool to coerce other sovereign nations to do our bidding breaches America's commitment to preserving independence from international control. It is fundamental to U.S. participation in trade agreements that other governments should not be permitted to dictate business relationships among U.S. firms and citizens, as H.R. 3107 could do for our trading partners.

Mr. Speaker, as the world's greatest exporter, the United States benefits tremendously from free and open trade with our allies. Given our past commitment to an international trading regimen, the United States should not expose United States exporters and investors to possible retaliation through abrogation of international rules, or exacerbate the dispute with our allies over policies toward Iran and Libya. If it becomes possible for countries to dictate each other's policy under threat of trade sanctions, U.S. participation in these important organizations could be threatened.

Put at risk by unilateral U.S. action are the benefits to the U.S. economy created by strong protection of intellectual property rights, the guarantee of competitive bidding opportunities under the Government Procurement Code and dramatic tariff reductions for U.S. exports—all of which were improved and expanded by NAFTA and GATT.

Instead, I would urge that we work to avoid the painful consequences of trade retaliation and continue pressing for additional multilateral action and enforcement of existing agreements. As in the case with the extraterritorial Helms-Burton law which penalizes firms outside the jurisdiction of the United States for trading with Cuba, foreign governments will not permit their firms to comply with such legislation. As we seek to contain and punish terrorists and those states that sponsor them, we do not want to drive a costly wedge between the United States and its allies whose support we are seeking.

While I will be supporting H.R. 3107, I am doing so because it provides the administration adequate discretion in executing the provisions of this bill. Moreover, in doing so, it is my hope that the administration will effectively implement multilateral sanctions against Iran and Libya.

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

The SPEAKER pro tempore (Mr. STEARNS). The question is on the motion offered by the gentleman from New York [Mr. GILMAN] that the House suspend the rules and pass the bill, H.R. 3107, as amended.

The question was taken.

Mr. GILMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 5(b) of rule I, the Chair redesignates the time for resumption of further proceedings on the motions to suspend the rules and pass H.R. 3005 and H.R. 3107 as Wednesday, June 19, 1996.

□ 1800

CHURCH ARSON PREVENTION ACT OF 1996

The SPEAKER pro tempore (Mr. STEARNS). The pending business is the question of suspending the rules and passing the bill, H.R. 3525, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. HYDE] that the House suspend the rules and pass the bill, H.R. 3525, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—ayes 422, noes 0, not voting 12, as follows:

[Roll No. 248]

YEAS—422

Abercrombie	Barrett (NE)	Bishop
Ackerman	Barrett (WI)	Bliley
Allard	Bartlett	Blumenauer
Andrews	Barton	Blute
Archer	Bass	Boehlert
Armey	Bateman	Boehner
Bachus	Becerra	Bonilla
Baesler	Beilenson	Bonior
Baker (CA)	Bentsen	Bono
Baker (LA)	Bereuter	Borski
Baldacci	Berman	Boucher
Ballenger	Bevill	Brewster
Barcia	Bilbray	Browder
Barr	Bilirakis	Brown (CA)

Brown (FL)
Brown (OH)
Brownback
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (GA)
Collins (IL)
Combest
Condit
Conyers
Cooley
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLauro
DeLay
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Engel
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flanagan
Foglietta
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Meyers
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Rangel
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schroeder
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stark
Stearns
Stenholm
Stockman
Stokes
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Torricelli
Towns
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—12

Collins (MI)
Ehrlich
Emerson
Flake
Ford
Gallegly
Lincoln
McDade
Myers
Peterson (FL)
Ramstad
Waters

☐ 1820

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Ms. WATERS. Mr. Speaker, I was absent during votes on Tuesday, June 18, 1996, as I was attending my grandson's high school graduation ceremony. Had I been present I would have voted "yes" on H.R. 3525, the Church Arson Prevention Act.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE PRIVILEGED REPORT ON DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT APPROPRIATIONS BILL, 1997

Mr. LEWIS of California. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight Tuesday, June 18, 1996, to file a privileged report on a bill making appropriations for the Department of Veterans Affairs and Housing and Urban Development for the fiscal year ending September 30, 1997, and for other purposes.

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

There was no objection.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XXI, all points of order are reserved on the bill.

PERMISSION TO FILE AND PRINT SUPPLEMENTAL REPORT ON HOUSE REPORT 104–193 ON H.R. 1858 DEPOSITORY INSTITUTIONS PAPERWORK REDUCTION ACT

Mr. LEACH. Mr. Speaker, by direction of the Committee on Banking and Financial Services and pursuant to clause 2 of rule XIII, I ask unanimous consent to file a supplemental report to House Report 104–193, which accompanies H.R. 1858, and that such supplemental report be printed.

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

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3662, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

Ms. PRYCE, from the Committee on Rules, submitted a privileged report (Rept. No. 104–627) on the Resolution (H. Res. 455) providing for consideration of the bill (H.R. 3662) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE JOINT RESOLUTION 182

Mr. ROHRABACHER. Mr. Speaker, I ask unanimous consent to remove the name of the gentleman from California [Mr. FAZIO] from the list of cosponsors of House Joint Resolution 182.

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

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1972

Mr. CHRISTENSEN. Mr. Speaker, I ask unanimous consent that the name of the gentleman from Pennsylvania [Mr. MCDADE] be removed as a cosponsor of H.R. 1972.

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

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 94

Mr. CHRISTENSEN. Mr. Speaker, I ask that my name be removed as a cosponsor of H.R. 94.

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

There was no objection.

HOUSTON JOURNALISM LOSES ONE OF ITS FINEST

(Mr. FIELDS of Texas asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. FIELDS of Texas. Mr. Speaker, it is with a great deal of sadness that I wish to bring to the attention of my colleagues the untimely passing last evening of Stephen Gauvain, a constituent of mine who, for the past 14 years, has kept Houstonians informed of important events in our local community and around the globe.

Steve, a journalist with KTRK–TV in Houston, was killed in a tragic traffic accident just minutes after giving a live television report from Huntsville, where he was covering a high-profile murder case.

Steve's passing is, of course, a tremendous loss for his family—his wife, Jan, and his three sons: Stephen, Jr.; Taggart; and Dustin. To them, to Steve's extended family, and to his coworkers at KTRK–TV, Houston's ABC affiliate, I extend my deepest and most sincere sympathy.

Steve's untimely death was a loss for everyone in the Houston metropolitan area who had come to depend on his journalistic skill and his dedication to getting the story. Since 1984, Steve had served as KTRK–TV's space reporter. It was a high compliment to Steve that he was selected to cover space for the No. 1 television station in Houston—home of the Johnson Space Center and a city known widely as Space City.

As channel 13's space reporter, Steve covered more than 60 space shuttle missions, including the last, ill-fated flight of the Challenger. Following that disaster, Steve also kept Houstonians informed of the investigation into the cause of the accident, and he prepared an extraordinary series of reports on NASA's slow and painful program to recover from the Challenger disaster.

In 1988, Steve won the Aviation/Space Writers Association's award for the best locally produced television series for his reports on NASA's road to recovery. That same series also won Steve a second-place award for investigative reporting from the Houston Press Club.

Steve's interest in aviation and space exploration was well known. Throughout his distinguished career, Steve covered numerous aviation stories and flew with the U.S. Air Force Thunderbirds last year. In addition, Steve was a quarter-finalist in NASA's ''Journalist in Space'' program.

Mr. Speaker, I know that you join with me in extending our deep sympathy to Jan Gauvain and her three sons, to Steve's extended family, to Steve's coworkers at KTRK–TV, and to Steve's journalistic colleagues in Houston. His passing is a loss to all of us who knew him, who worked with him, and who appreciated his dedication and professionalism. We will miss him.

Ms. JACKSON-LEE of Texas. Mr. Speaker, will the gentleman yield?

Mr. FIELDS of Texas. I yield to the gentlewoman from Texas.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I am very much pleased to join the gentleman from Texas to honor Steve Gauvain and to acknowledge as well my great respect for his journalistic ability, but also his commitment to the Houston community. We recognize that when Steve Gauvain did a story, it was out of Compassion, knowledge, a sense of respect for the individuals that he queried, and, of course, a love for our community.

It is with great sadness that I join my colleague from Texas, and applaud him for coming to the floor, and to add my sympathies to Stephen's wife and children and, of course, his Channel 13 family. I hope that all of us will give to them our prayers and remember him for his service to our community.

Mr. FIELDS of Texas. Mr. Speaker, I know the gentlewoman would agree with me because she has been interviewed many times by Stephen, how professional he was, how well prepared. The gentlewoman mentioned the word ''compassion.'' Certainly that fit him perfectly. I thought he was one of the finest reporters whom I ever had the pleasure to work with.

Ms. JACKSON-LEE of Texas. If the gentleman will yield further, I certainly agree. I thank the gentleman. Let me also say he had a love for NASA and the Johnson Space Center, and I appreciate all of his leadership on that issue. I thank the gentleman for his leadership on the floor.

□ 1830

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. STEARNS). Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. MANZULLO] is recognized for 5 minutes.

[Mr. MANZULLO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

MORE OFTEN THAN NOT, SPECIAL INTERESTS, NOT PUBLIC INTERESTS, DRIVE THE LEGISLATIVE AGENDA IN WASHINGTON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mr. MEEHAN] is recognized for 5 minuites.

Mr. MEEHAN. Mr. Speaker, when I came to the Congress 3 years ago, I brought a list of priorities: Balancing the budget, cleaning up the environment, and promoting economic development and small business opportunities. But after working on Capitol Hill for just a few months, I learned that more often than not, special interests, not public interests, drive the legislative agenda in Washington. That is why so much of the changes voters demanded, like cutting Government waste and curbing rising health care costs are so difficult to achieve.

Under our grossly deficient campaign finance system, well-heeled lobbyists and PACs have greater influence over Washington's business than the folks back home. A perfect example is the 2-year debate about how to balance the budget. Congress could have passed a credible plan to balance the budget last year in the absence of special interests. Year after year, programs that have long outlived their usefulness are preserved in the budget. Everything from tax loopholes for energy and marketing subsidies are taboo when it comes to cutting Government spending, while education, employment and training programs for the working poor are on the chopping block.

Even if we do get a balanced budget this year, Mr. Speaker, odds are that that balanced budget will contain costly tax breaks that benefit special interests and disproportionate cuts to the lower and middle class. Congress comes up against the special interest money barrier every time we try to take on the tobacco industry as well. Public decisions and public policies are often abstract, but this one could not be clearer.

Every day 3,000 young people are enticed into forming a deadly habit before they are old enough to truly make impartial decisions about their health. Yet even when the issue is clear-cut, Congress has been unable to pass legislation or even try to eliminate or regulate teenagers' access to tobacco products.

Last year, Common Cause released a report that illustrated the enormous amount of money the tobacco industry pours into political campaigns to stop antitobacco legislation from passing. According to the report, tobacco giants like Philip Morris, R.J. Reynolds, U.S. Tobacco and the Tobacco Institute have donated millions of dollars to Members of Congress over the past 10 years. Without question, this report documents the way money in the form of campaign contributions influence decisions that are made in Washington.

During the last Congress, I joined with a group of like-minded freshman Democrats to pass campaign finance and lobby reform legislation. It is no secret now that our efforts failed largely due to the efforts of special interests. Both bills failed to pass, and many of my dedicated freshman colleagues lost in their bids for reelection as a result. I learned then that passing real congressional reform means forging new alliances across party and ideological lines to fight the embraced establishment and the entrenched establishment in Washington. That is how we passed lobby reform and the gift ban legislation last year, and that is the only way Congress can reform its corrupting campaign finance system.

This week the Senate will start debating the first bipartisan bicameral

campaign finance reform in over a decade. S. 1219, the McCain-Feingold regulation, has the support of a coalition of 30 grass-roots organizations and editorial board from all across America. Last year LINDA SMITH, CHRIS SHAYS, and I introduced the House version of this campaign finance reform bill. H.R. 2566, the Bipartisan Clean Congress Act, was the result of months and months of negotiations between groups of Democrats and Republicans. Both bills are a remarkable example of what can happen when Members put aside their partisan differences and sit down to the same table to try to make Congress more accountable.

H.R. 2566 eliminates PACs, caps lobbyist donations, requires 60 percent of campaign contributions to originate in a candidate's home State. It eliminates loopholes and large political party contributions and sets voluntary spending limits, offering candidates discounted broadcast time and large mailings if they sign a pledge not to spend any more than $600,000.

If enacted, the Bipartisan Clean Congress Act will halt special interest influence in Washington and really clear the way for the truly representative democracy which our forefathers envisioned 200 years ago.

Now, it is difficult to change a system that is so favorable to incumbents, given the fact incumbents have access to PAC and lobbyist contributions. They help us win reelection in the Congress over 90 percent of the time. Incumbents receive 70 percent of their PAC contributions in each cycle. Seventy percent of all PAC contributions go to incumbents. Compare that with less than 12 percent for challengers; less than 12 percent.

Mr. Speaker, the time for campaign finance reform is now. We have to act in this Congress while we have a President willing to sign this bill. Let us give President Clinton this bipartisan bill and pass it into law.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 2618

Ms. SLAUGHTER. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 2618.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DORNAN] is recognized for 5 minutes.

[Mr. DORNAN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. HASTERT] is recognized for 5 minutes.

[Mr. HASTERT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

VACATION OF SPECIAL ORDER AND GRANTING OF SPECIAL ORDER

Mr. FARR of California. Mr. Speaker, I ask unanimous consent to claim the time of the gentlewoman from Ohio.

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

There was no objection.

TRIBUTE TO ADAM DARLING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. FARR] is recognized for 5 minutes.

Mr. FARR of California. Mr. Speaker, tonight I rise on the third anniversary of the day on which I took the oath of office 3 years ago in this Chamber to replace then-Congressman Leon Panetta, who had gone to work in the White House as head of OMB.

Standing in the well before me, I thanked the California State legislature, which I had left the night before, for the good work they were doing in guiding the State of California. At the same time I paid tribute to my mother, who had died of cancer while I was in the Peace Corps; and to my sister, who was killed while visiting me in the Peace Corps.

In the gallery at the time was my father, Fred Farr, and my sister, Francesca Farr. Also in the gallery from my district was Rev. Darrell Darling and his son Adam Darling, who grew up in Santa Cruz, part of the district I now represent.

Tonight, on the third anniversary, I want to pay tribute to that beautiful young man, Adam Darling, who lost his life in the plane crash with Secretary Ron Brown in Bosnia.

Adam Darling died doing precisely what he wanted: serving his country while working to make the world a better place. He was an eternal optimist. Adam had once offered to ride his bike across this country from his home State of California to Washington, DC for then-Governor Bill Clinton because he felt that he could make a difference in the 1992 presidential race just by riding a bicycle across the Nation. After the election he ended up in Washington working for the Commerce Department.

When I arrived to be sworn into Congress, Adam was there to meet me. He brought his father, Rev. Darrell Darling, with him from Santa Cruz all the way here to Washington, DC. According to his father, Adam Darling was a leader among his peers, his friends, his family and in his work. His leadership grew from a keen and uncluttered mind, a character free of shame, given or received, and thoroughly generous in spirit.

He was very realistic about both public policy and public service and the limitations and temptations of both. Adam's realism never was cynical. ''When you decide to make a difference where there is risk, you cannot calculate the cost or be guaranteed delivery from pain or loss. Bosnia is a land of grief and turmoil and none of us are immune from it.'' Those were the words of his father upon learning of his son's death.

Adam was working for the Commerce Department when I arrived. He served on the staff of the press office for several months before becoming a personal assistant to the Deputy Secretary for 2 years. Adam was also instrumental in bringing state-of-the-art science to the central coast and to the country. Just 1 year ago he helped organize the first-ever link between the classrooms across America and marine biologists working in the Monterey Bay.

Ron Brown had asked Adam to handle press relations and advance planning for the economic development mission in Bosnia. According to Adam's family, Adam saw it as an opportunity to make a significant contribution to the peace effort where it was severely needed.

Rather than working hard to gain personal attention, Adam worked hard for the sheer pleasure of doing well and the satisfaction of knowing he had helped make someone else's life a little more livable.

Adam saw life as an opportunity to serve the world, telling his family at the age of 5 that he would be President of the United States someday; a young boy made his commitment to bettering the country at any cost. During the few years that he was afforded, Adam worked with the dedication and commitment of a President and accomplished more for the good of humankind during his lifetime than many even attempt in 100 years.

The loss of Adam Darling and 34 others in Bosnia will be sorely felt by all and will remain in our hearts as a memorial to all who pay the highest cost possible in order to keep the world by serving their country. I want to thank the Darlings for being here on this day of my anniversary of being sworn into Congress, and I want to pay tribute to Adam Darling who was here to greet me when I first arrived, and wish that he was still here today.

Mr. Speaker, thank you for allowing me this time to pay tribute to this great young American.

WHITEWATER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana [Mr. BURTON] is recognized for 5 minutes.

Mr. BURTON of Indiana. Mr. Speaker, I was kind of distressed today when I turned on the television set and saw the report that came out from the Senate Banking Committee on Whitewater. I was not upset about the report; I was upset about how it was presented by the media and that it was pooh-poohed as though it was nothing significant.

The fact of the matter is it is very, very significant and there were some very real possibilities of violations of law and obstruction of justice. For instance, Hillary Rodham Clinton, the President's wife, said she did not know anything about or have copies of the billing records from the Rose Law Firm that dealt with Castle Grande in the Whitewater episode.

□ 1845

Yet 2 years after they were subpoenaed by the independent counsel, 2 years after they were requested by the Congress of the United States, they were found in her living quarters in the library right next to her bedroom. Not only that, her fingerprints and the fingerprints of Vince Foster were all over the documents. For her to say that she did not know that those documents were there, did not have any idea or recollect where they were and they were next to her bedroom for 2 years and many believe were taken out of Vince Foster's office right after his death is just hard to believe.

The billing records contradict her previous sworn statements that she did very little work on the Castle Grande real estate project which helped bring about the downfall of Madison Guaranty Savings and Loan and the conviction of Jim Guy Tucker of Arkansas. The records document that Mrs. Clinton had 14 meetings or discussions concerning Castle Grande and drafted an important legal document. She said she had nothing to do with it. That is just one thing.

Second, during the last week of May, the House was scheduled to vote to hold White House counsel Jack Quinn in contempt of Congress for refusing to turn over thousands of pages of documents concerning another matter called Travelgate. At the last moment he turned over 1,000 pages of documents. However, the White House has refused to turn over 2,000 pages of documents that are more sensitive and have to do with this scandal. The White House is claiming executive privilege so it can keep these documents secret; they must contain some very damaging information.

These documents include 600 pages relating to Vince Foster, whose body was mysteriously found over at Fort Marcy Park. They include a 54-page analysis of custody and disclosure of Foster's travel office file, a 22-page chronological analysis of the handling of Foster's documents, and 33 pages of handwritten notes that were in his briefcase that nobody even knew about until just now. His briefcase was empty when they found it, and they started talking about it. They found two little pieces of paper that was allegedly a suicide note, but nobody has ever mentioned these 33 pages of documents that they are trying to keep the Congress from seeing.

Then we have now the confidential FBI files. The White House asked for and received files on 408 people, Republicans, and they were sought without justification. The Secret Service has said there was no way that they could have accidentally provided the White House with this out-of-date list. Usually, almost always, when the White House asks for evidence or an FBI background check on somebody, it is prospective, to find out if there is anything wrong with that person before they hire them and bring them into the Government. These were people who had already been investigated and they went back and got 408 files of Republicans, and we believe it was because they wanted to find some dirt on them that they could use in later political campaigns for political purposes.

The files of two of the Travel Office employees, Billy Dale and Barnaby Brasseux, were requested with the explanation that they were seeking access to the White House. This was several months after they had been fired from the White House. Apparently the White House was not content with launching an unjustified FBI investigation of these two men. They apparently decided to dig up a little dirt on them themselves.

The FBI Director appointed by Bill Clinton, Louis Freeh had this to say about the incident in his report to the public. This is an appointee by the President himself. He called the White House actions ''egregious violations of privacy.''

He went on to say, ''The prior system of providing files to the White House relied on good faith and honor. Unfortunately, the FBI and I were victimized.''

That is really a criticism, a severe criticism, of the White House and their policies.

Once again, Craig Livingstone is at the center of a White House dirty tricks operation. He will be called before our committee to testify before too long. As you will recall, earlier in 1993, he was seen by a Secret Service agent leaving the White House counsel's suite with a box of documents from the deceased assistant to the President, Vince Foster. However, it does not stop there.

Craig Livingstone is 37 years old. He is a midlevel White House aide. He would not be gathering these political intelligence reports from the FBI without authorization from somebody up above. We need to find out who that was and whether there was obstruction of justice or a violation of the law.

HEALTH CARE LEGISLATION

The SPEAKER pro tempore (Mr. STEARNS). Under a previous order of the House, the gentleman from New Jersey [Mr. PALLONE] is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, I support the health care reform legislation that is known as the Kennedy-Kassebaum bill because it would make it easier for workers who lose or change jobs to buy health insurance coverage, and it would limit the length of time that insurers could refuse to cover a preexisting medical problem.

Essentially what this legislation does in its original form is to simply make it easier for people to get health insurance because we know that fewer and fewer people, fewer and fewer Americans today have health insurance as compared to, say, 5 or 10 years ago. But I should point out, Mr. Speaker, that this legislation was originally crafted to keep premiums affordable because it would not impact the insurance risk pool by encouraging healthy individuals to drop coverage.

It had bipartisan support in both the Senate and the House of Representatives in its original form, and the President indicated that he would support it or sign the bill in his State of the Union Address. However, from the very beginning the Republican leadership in the House insisted on messing up this very simple legislation with controversial poison pill amendments.

I mention this today because this morning during special orders the Speaker, Speaker GINGRICH, got up and talked about how good this legislation was. But He refused or he did not mention, I should say, one of the provisions that he and others in the Republican leadership insist on including. That is the poison pill of the medical savings accounts, or MSAs, which will favor the healthy and the wealthy and will be just another tax shelter for the rich. I say this because Americans who do not choose to join the MSAs because of the high risks involved will see their health insurance premiums actually increase, and the MSAs among other extraneous provisions that have been placed in the Kennedy-Kassebaum bill here in the House will guarantee the failure of any health insurance reform in the Congress.

I just wanted to read, if I could, a section from the Washington Post editorial on April 9, 1996, where they explained in some detail why MSAs would essentially drive up insurance costs and ultimately cause fewer people to have insurance, just the opposite of what the Kennedy-Kassebaum bill is intended to do. It says in this editorial that the goal of the underlying bill is to strengthen the health insurance system by making it easier for people who can afford it to remain insured between jobs.

Mainly it would help the part of the population that already has insurance rather than one-seventh that largely for reasons of cost does not. But the likely effect of medical savings accounts would be to push in the opposite direction, weaken the insurance system and in the end add to the number of uninsured.

If the medical savings proposal becomes law, those who chose would buy so-called catastrophic insurance policies that kick in only after the first $3,000 or so of annual expenses.

The savings accounts would also likely split the insurance market. They

represent a gamble. People who would most likely take the gamble would be the healthier and better off. To some degree, they would be choosing to withdraw from the broader insurance pool to fend for themselves. Left in the pool would be the more vulnerable, who would likely see their insurance costs go up; the increase would make insurance even harder to maintain than now.

In a sense this is the very opposite of the insurance principle. It is being pushed by companies that want to sell catastrophic coverage, plus people drawn to the individual responsibility that the idea entails, but for the population as a whole, it would do more harm than good. The President has rightly suggested that he would be disposed to veto a bill that included these accounts.

Well, the bottom line, Mr. Speaker, is that the Republican health plan with these MSAs would raise premiums for average Americans and make insurance less affordable. Hence fewer people would be able to get insurance under this bill. It is nothing more than a payback to the Golden Rule Insurance Co. Golden Rule has made big contributions to the Republicans and will reap big profits if the MSA proposal becomes law. Of the $1.2 million contribution that has been given to the Republicans by the Golden Rule president, J. Patrick Rooney and his family, even more has been given to other GOP candidates and causes. What causes.

What I am trying to say, Mr. Speaker, is essentially that Speaker GINGRICH got on the floor this morning and talked about what he is trying to do for health care reform. He neglects to mention that essentially he is trying to sabotage health insurance reform with the MSA provisions. This GOP provision provides no help for working families and just provides handouts for special interests. Essentially what we are seeing here is the Republican leadership jeopardizing health insurance reform by providing for rich man's insurance.

REFORM OF POLITICAL PROCESS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Washington [Mrs. SMITH] is recognized for 5 minutes.

Mrs. SMITH of Washington. Mr. Speaker, I stand here tonight recalling my first trip to Washington, DC, as someone who had just been written in for Congress. I did not run for Congress. I was written in. Within 3 weeks I found myself standing on the steps looking out at Washington, DC, thinking, oh God, why am I here? And I know that any citizen would have felt the same way; it was a Cinderella story. I did not have to spend all the time most people do. But as I listened to that speech, many speeches, I realized that we were making great promises to the American people.

Those promises were for a new way if the American people would give the Republicans control of Congress for the first time in 42 years. If we were elected, we Republicans, we would be different. Just trust us. I found out that most of my colleagues, who were new especially, were running against the corruption.

They said that things have happened over the years that we do not agree with.

Many of the quotes that we heard that day were resounding. I heard a man that I have learned to trust, learned to admire, one of the leaders of our party say, as I cheered, because I agreed with him, if you will give us control, we will wrestle or wrest control back for the people and take it out of the hands of special interests. I and my colleagues stood and cheered. We looked out. We promised America.

Today I call on my colleagues to keep our word. The theme was promises made, promises kept. You would not know what we meant except that we said we would clean it up. I believed those promises, and I say today the American people need to hold us to those promises.

I arrived to Washington, DC, to training, but the first night I arrived to dozens of the first and second and third night fundraisers. I said, well, this is interesting, did not think much about it, but found out that each Member of Congress was to give four to eight. I have got the written instructions still on my desk, that we were to focus on the people that came before our committees. They brought in people to train us. If you went to the right fundraiser training, they taught us how we could get people to help us, to dial for dollars, is that it is called. And that is in writing, and to focus on those that came before us so they would understand how important it was that they came to our fundraiser. And we could get leadership people to put their name on our fundraiser.

I looked at that and I thought, how does this fit in with cleaning up Congress? Then I found out the Democrats do it, too. And not only that, that the challengers had come with some of the new freshmen and they were doing it, too, all on the same night.

There are master schedules, you see, because there is only so much around here. They have built buildings. As you look out, some of the buildings are just fundraising buildings. They have floors where you dial for dollars, where there are funds, other floors where you have receptions and the Members set themselves up on the schedule.

I looked at that and I realized that clearly that would take a little bit of time. But the biggest thing I realized is I could not go back home and tell the American people I did it. Each Member is allotted a time, four to eight scheduled events, on the calendar. You make sure there are not too many because there are only so many places to have them. We make sure that we have votes that day so we are sure to be here so there are enough Members to come to the fundraisers. You see, the lobbyists come there to lobby us because we are in session most every night, and they have access to a lot of Members.

Then you go to someone's fundraiser, so they go to your fundraiser. The lobbyists come, and on the bill they send them is $500 to $1,000. They do not have to come. But if you were called by a Congressman or Congresswoman and you happened to need to go before their committee and you did not bring the $500 or $1,000, would you not think maybe your opponent would be there? It is not even subtle pressure anymore, folks. It is the pressure that I would have thought that we would take off.

I am called the Democrats who played games with this and the Republicans who tend to be looking like they might be playing games with this to a vote on a bipartisan bill. There are two of them. There is a Senate one, 1219, and a House one. Stop playing games. Vote, do not just talk.

□ 1900

NBA CHAMPION CHICAGO BULLS

The SPEAKER pro tempore (Mr. STEARNS). Under a previous order of the House, the gentlewoman from Illinois [Mrs. COLLINS] is recognized for 5 minutes.

Mrs. COLLINS of Illinois. Mr. Speaker, I rise today to pay tribute to the Chicago Bulls who on Sunday night at the United Center in the Seventh Congressional District captured their fourth NBA championship in an 87 to 75 victory over the Seattle Supersonics. Many called it mission impossible. But the Bulls have won their fourth NBA championship in an amazing display of team play.

It has been a historical season for the Bulls, who finished the regular season with a 72–10 record, 87–13 record for the season, and a 15–3 record for the playoffs. The Bulls had an average margin of victory of 12.3 points, a feat only a few teams in any sport have had in any one season.

Chicago, the Seventh Congressional District and Chicago fans through the Nation are fat with pride. Some are saying that the, ''NBA Champion Chicago Bulls have established a new level of play, and it's something all teams will have to chase.''

I would also like to congratulate Phil Jackson and his coaching team comprised of Tex Winter, Jim Rodgers, Jim Cleamons, and John Paxson.

Mr. Speaker, I would also like to pay tribute to one of the greatest basketball players of all times, Michael Jordon, who finished off this great season with a 96 triple crown of MVP award in the league finals. His great leadership, and unparalleled performance have garnered him the title of one of the greatest ballplayers of all time. Dennis Rodman has also distinguished himself capturing his fifth rebounding title. And of course Scottie Pippen, and the entire club for an outstanding display of teamwork.

Mr. Speaker, I ask you and my colleagues to join me in congratulating one of the greatest teams in the annals of basketball, and of course one of the greatest players ever, Michael Jordon. In the more than 100 game that they played, the Bulls always delivered a championship performance.

And finally, I would like to congratulate and thank the greatest fans in the world for their undying support of the Chicago Bulls.

The SPEAKER pro tempore. The Chair certainly appreciates the gentlewoman from Illinois for holding up the shirt for display in her speech.

SUPPORT THE ELIMINATION OF NEA'S FUNDING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina [Mr. JONES] is recognized for 5 minutes.

Mr. JONES. Mr. Speaker, here we go again. Just as this Congress is set to debate the funding of the National Endowment for the Arts, NEA Chairwoman, Jane Alexander, has again shown us that both she and the taxpayer funded NEA, must go.

Last Sunday, at the New York Lesbian and Gay Video and Film Festival, director Cheryl Dunye premiered her film, ''Watermelon Woman,'' funded by the tax dollars of hardworking Americans.

In the words of the director herself, this pornographic film depicts black ''lesbians experiencing their sexual desire for each other.'' This film was produced from a $31,000 grant from the NEA.

I believe that in the opinion of most Americans, Watermelon Woman has absolutely no serious artistic, or political value.

NEA Chairwoman Alexander and the National Endowment for the Arts are attempting to pull the wool over the eyes of taxpaying Americans by marketing this sexually explicit film as black history.

As Edmund Peterson, chairman of Project 21 and a leading black conservative put it, in Friday's Washington Times, ''There is no demand in the black community for this movie; this is a classic example, of the Clinton administration, being in bed with the gay-lesbian movement, and funding a project through tax dollars, that can't get funded any other way.''

Mr. Speaker, this is not the first time that Miss Alexander and the NEA have demonstrated a desire to divert our tax dollars to controversial works that demean the religious beliefs and moral values of mainstream Americans. One should not forget the March 1994 performance of Ron Athey, at the Minneapolis Walker Art Center.

This NEA-funded performance featured Mr. Athey carving a design into the back of an assistant, mopping up the blood with paper towels, and then sending the paper towels on a line, out over the shocked audience.

Miss Alexander defended the performance, stating in the Washington Post, ''not all art is for everybody.''

Many in Congress denounced this performance as an obscenity. Miss Alexander and the NEA responded by awarding more of our hard-earned tax dollars to the Walker Art Center.

Miss Alexander and the NEA have repeatedly thumbed their noses at Congress and the American public.

I call on President Clinton to find the moral courage within himself to protect the children of America from these obscenities, and to demand the immediate resignation of Jane Alexander. Mr. President, you cannot have it both ways.

Middle America does not share the NEA's values. The American taxpayer and the working families of the Third District of North Carolina do not want their money spent on so-called works of art, like a crucifix in urine, or photographs, which exploit our children.

This week, the House is scheduled to debate funding for the National Endowment for the Arts.

It is time the Government got out of the business of funding this so-called art.

I urge each of my colleagues to support the elimination of the NEA's Federal funding. The taxpayer cannot afford it and our children do not deserve it.

INCLUSION OF REPUBLICAN MSA PROPOSAL THWARTS EFFORTS TO MAKE HEALTH INSURANCE ACCESSIBLE AND AFFORDABLE

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Connecticut [Ms. DELAURO] is recognized for 5 minutes.

Ms. DELAURO. Mr. Speaker, I am a very strong supporter of health care reform and of the Kennedy-Kassebaum bipartisan legislation to afford us a first step in dealing with some very important issues that face working families today on the issue of health care. There is a serious problem that we do have today that working families face, two particularly.

First, is the whole issue of health insurance portability, that when you leave one job and go to another, what happens to your health care? People find themselves in that position today more and more without the opportunity of having the kind of health care coverage they need in switching jobs that is good for them or for their families.

The second issue that is very critical and important is the limits on coverage for individuals who have a preexisting condition where insurance companies will deny the opportunity for health insurance to somebody who has a preexisting condition.

Mr. Speaker, I have a preexisting condition; I am a cancer survivor. Ten years ago I was diagnosed with ovarian cancer. Fortunately, today I am cancer free. But there is not a small business or some business who wants to put me in their insurance pool because it drives those premiums sky high. Or if I go out and get insurance on my own, it is 12 or $14,000 a year to cover people who are cancer survivors.

These are serious health care problems. They face approximately 21 million Americans in this Nation. Too many families, working families, in my district, the Third District in Connecticut, pay their bills, they work hard, they play by the rules, and they do live in fear of losing their health insurance if they change their jobs. Too many of them cannot even get health care coverage because of this preexisting medical condition. This is not only bad health care policy, it is wrong.

We have an opportunity with the Kennedy-Kassebaum bill, a bipartisan bill that addresses both of these issues. As I said, this is a first step. It is not all that we want to accomplish in health care reform, but it is a way in which we can modestly reform the health insurance industry to meet the needs of working families.

Sadly, under the banner of reform with this bipartisan bill, the congressional majority and the Speaker of the House today took the floor to talk about an opportunity for health care reform, but under this banner of reform what we have seen the congressional majority and the Speaker of the House do is to twist this opportunity, and in fact what would result would hurt consumers, and it would, in fact, increase the number of insured, the reason being the introduction of something called a medical savings account.

Medical savings accounts are expensive, they are destructive, and they are bad health care policy. They encourage the healthiest and the wealthiest individuals to opt out of the insurance pool. They allow individuals to create private accounts to pay for their medical expenses, and in exchange individuals get a bare bones catastrophic insurance plan with extremely high deductibles. It is shortsighted. What it does by people opting out, the healthiest and the wealthiest opting out of the traditional insurance pool, you leave the most frail, the sickest people in that pool, thereby driving the premiums up.

Mr. Speaker, I will tell you in order for the insurance companies to take care of these more sickly people, that cost goes up, and I am going to quote you a group, The American Academy of Actuaries, not a liberal group. These are the green eye shade people who look very carefully at the cost of insurance. Their estimate is that the process of skimming, getting the healthy out of this system, would result in a possible 61 percent increase in health care premiums for those who remain in traditional plans. If rates rise, people will no longer be able to afford insurance, and you thereby increase the number of uninsured in this country, certainly not what we want to try to do.

Let me mention another group to my colleagues, the Consumers Union. These are folks who produce Consumer Reports; you know when you go to look at buying a car, an appliance, and you take their word for what is happening, you do a comparison look. This is what they said on Wednesday June 12: No health care reform this year is better than a bill with the Republican MSA proposal attached. The inclusion, and I quote, of the Republican MSA proposal in the Kassebaum-Kennedy bill makes the legislation worse than a wash for consumers. It takes us backward in our efforts to make health insurance accessible and affordable.

MSA's are a time bomb. They turn the very principle of insurance on its head. Instead of pooling resources to take care of people when they get sick, MSA's funnel money away from doctors' bills and into accounts that will help healthy people accumulate wealth.

Please, understand that we have an opportunity to do something good for working families and health care, not through what the Speaker of the House wants to do with medical savings accounts.

WHO REALLY SPEAKS FOR THE CHILDREN?

The SPEAKER pro tempore (Mr. FOX of Pennsylvania). Under a previous order of the House, the gentleman from Minnesota [Mr. GUTKNECHT] is recognized for 5 minutes.

Mr. GUTKNECHT. Mr. Speaker, when talking about children, there is one significant difference between Democrats and Republicans. Democrats believe it takes Washington programs and Washington spending and Washington bureaucrats to raise a child.

Republicans disagree. After 30 years of excessive taxation, after 30 years of a failed welfare system, after 30 years of a rapidly failing public education system, after 30 years of a deteriorating justice system, Republicans have a different answer—in just three words—two responsible parents. That's what it takes to raise a child successfully today—two responsible parents.

We should not be asking the question ''what should government do for children.'' Instead, our question should be ''What must we do to get parents to do more.'' What children need is not more Government spending but a mother and a father who care about them. Americans have correctly lost patience with Washington, but they have not lost their compassion for the children and their commitment to the common good.

When talking about children, Republicans begin with three principles:

First, that the moral health of a nation is no less important than its economic or military strength. That fact is, you cannot have a healthy moral environment to raise children in America when 12-year-olds are having babies, 15-year-olds are killing each other, 17-year-olds are dying of AIDS and 18-year-olds are graduating with diplomas they cannot read. If we are to restore the moral health of America, this behavior has got to stop,

Second, it is the results, not the rhetoric, that counts. Anyone can sound compassionate, but the truly compassionate are those that go out and find ways to make the lives of our children more happy and healthy, and

Third, we must be willing to face ourselves in the mirror and be honest with the American people about the failure of the Washington welfare system to help those who need it most. It is our responsibility as elected officials to acknowledge that Washington got it wrong, so that next time we can get it right.

We have created a welfare trap in this country that literally enslaves generations of Americans on Government assistance. Our welfare system has deprived hope, diminished opportunity, and destroyed the lives of our precious children.

Just look at our inner cities. You'll meet a generation fed on food stamps but starved of nurturing and hope. You'll see second graders who don't know their ABC's; fourth graders who cannot add or subtract.

Yet every year Washington spends more money on more programs to help more people—expanding the welfare trap from one community to another, from one family to another, from one child to another from one generation to another.

The Washington bureaucracy is well intentioned, but what the Democrats don't understand is that raising more taxes to hire more bureaucrats to expand a welfare system that doesn't work now will only make matters worse later.

And welfare isn't the only problem facing children. Among industrialized nations at the start of this decade, we had the most murders the worst schools the most abortions the highest infant mortality the most illegitimacy the most one-parent families the most children in jail and the most children on goverment aid. We were first only in the number of lawyers and lawsuits.

A Washington-based social policy does not help children. It destroys them. It does not keep families together. It tears them apart. Instead of turning urban areas of America into shining cities on a hill, it has made them into war zones where no one dares go out at night and often in the day as well. Instead of turning schools into bastions of knowledge and learning it has served as an employment agency for bureaucrats.

Washington politicians drag children to Washington to hear a couple of speeches by Washington politicians and Washington lobbyists. I want parents to take their children to school on weekdays and to religious services on Sundays.

Washington politicians talk the talk. We need to do the work.

And that work begins with welfare. Let me state this clearly so there is no confusion. We have spent over $5 trillion on welfare related programs, and yet we have more poverty, more crime, more drug addiction, more broken families, and more immoral behavior. The Washington welfare system is broken. The Washington welfare system does not work. The Washington welfare system needs to be shut down. We need to start over. Period.

Right now, there are alternatives to the Washington welfare bureaucracy that are less expensive and work better than the current system. Let me just mention two.

Why does Habitat for Humanity work so much better than HUD? Because Habitat for Humanity first requires recipients to learn the responsibility of home ownership, then requires them to build a home for someone else, and only then do they build their own home. What does HUD require? Absolutely nothing. Do you see the difference? The private charity requires something of the individual. The Washington bureaucracy requires only something from the taxpayer.

Why does Earning for Learning work so much better than the Washington Department of Education? Earning for Learning pays young children in inner cities to read books. The more books they read, the more money they make. They gain knowledge and learn about positive incentives. Who does the Washington Department of Education educate? Absolutely no one. Do you see the difference? The Private charity produces results. The Washington bureaucracy produces rules, regulations and not much else.

The current Washington-based welfare system demands no responsibility, no work ethic, no learning, no commitment, and in the end, no pride. What we need is locally based solutions that involve local citizens working with local children on a face-to-face, person-to-person basis.

Spending more on the current Washington welfare system will not help children. It's time we take away the blindfold and accept reality. We have to rebuild parents, families, and communities, but you cannot do it from high-rise office buildings in Washington. It has to be done at home, in school and on Sunday.

Changing the welfare system will help children. Encouraging families to stay together will help children. Putting welfare recipients back to work will help children. Restoring the work ethic will help children. Improving the quality of local education will help children. Encouraging spirituality will help children.

But even that is not enough. It's time we tackle the problem of American culture. We have grown to accept prostitution on our streets, crime in our neighborhoods, and garbage on television and in movies. This complacency has to stop.

And so the question for America is whether we move into the future, or remain in the past. Do we demand more from parents, or do we leave it to Washington to solve all our ills? Do we return control of education to the local community, or do we run education from a Federal department in Washington? Do we change the welfare system and restore hope and optimism to the next generation, or do we continue to accept the welfare world of dependency, illegitimacy and despair?

And most importantly, do we make a real commitment to improve the lives of children across the country, or do we use children as political pawns in the upcoming election?

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MFN AND HUMAN RIGHTS IN CHINA

The SPEAKER pro tempore (Mr. FOX of Pennsylvania). Under a previous order of the House, the gentlewoman from California [Ms. PELOSI] is recognized for 5 minutes.

Ms. PELOSI. Mr. Speaker, today the Subcommittee on International Operations and Human Rights of the Committee on International Relations, under the leadership of the chairman, the gentleman from New Jersey, CHRISTOPHER SMITH, held a hearing on most-favored-nation status for China and human rights in China. The purpose of the hearing was to take a measure of whatever progress might have occurred in China since our last review of most-favored-nation status.

Today, many distinguished witnesses testified to who will give you documentation on the worsening state of human rights in China and Tibet. I commend them for their ongoing efforts to shine the public light on a terrible situation, for their continuing fight to assist those who promote freedom and basic human rights. Their expertise and in some cases their willingness to expose themselves, their friends, and families to danger in order to document the continuing egregious violations of human rights in China and Tibet is inspiring and I look forward to their presentations.

It is important to note for the record that according to the State Department's own Annual Reports on Human Rights Practices for 1995, as well as Amnesty International, Human Rights Watch, the International Campaign for Tibet and other reputable independent human rights organizations, repression in China and Tibet continues. The State Department's own report documents the failure of constructive engagement to improve human rights in China, and notes that,

> The experience of China in the past few years demonstrates that while economic growth, trade, and social mobility create an improved standard of living, they cannot by themselves bring about greater respect for human rights in the absence of a willingness by political authorities to abide by the fundamental international norms.

It is clear that as the Beijing regime consolidates its power by increasing its foreign reserves through trade and the sale of weapons, China's authoritarian rulers are tightening their grip on freedom of speech, religion, press, and thought in China and Tibet.

Today we hear comparatively little about those fighting for freedom in China not because they are all busy making money, but because they have been exiled, imprisoned, or otherwise silenced by China's Communist leaders. According to the State Department's report, ''by year's end almost all public dissent against the central authorities was silenced.'' We cannot allow this to continue. If they are not allowed to speak out for themselves, we must speak out on their behalf. We cannot forget the indomitable spirits of Wei Jingsheng, Bao Tong, Chen Ziming, Tong Yi, and the hundreds of thousands of others, known and unknown, who suffer under China's repressive regime.

Our great country is ignoring the plight of China's pro-democracy activists. In the process, we are not only undermining freedom in China, but we are also losing our ability to speak out for freedom and human rights throughout the world.

There is some reason for hope. I would like to bring to the attention of my colleagues here today an event held in San Francisco over the past weekend. Over 20 rock groups and other musical artists participated in a 2 day Tibetan Freedom concert to bring attention to the plight of the people of Tibet. Organized by the Milarepa Fund and the Beastie Boys, this concert was attended by over 100,000 young people who can take the message about Tibet to communities across this Nation. The energy and enthusiasm of the concert participants was inspiring and demonstrates that the fight for basic human rights is being taken up by the younger generation. The participants in the concert, like the pro-democracy activists in China, are the future. Our cause will utlimately prevail, but we must keep up the fight.

The past few months have seen China act to intimidate the people of Taiwan in their democratic elections, diminish democratic freedoms in Hong Kong, crack down on freedom of religion by Christians in China and Buddhists in Tibet, and smuggle AK–47s into the United States via its state-run companies.

The MFN vote provides us with the only opportunity to demonstrate our concern about United States-China relations and our determination to make trade fairer, the political climate freer and the world safer. I urge our colleagues not to turn their backs on these important principles.

WE MUST REBUILD AMERICA, AND PUT AMERICA FIRST

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee [Mr. WAMP] is recognized for 5 minutes.

Mr. WAMP. Mr. Speaker, I am probably a minority within this body, not just because I am a freshman, but because I did not come to Washington with wealth or money, to speak of. I had a good job. I have a nice home. I have a loving wife and two small children. I have a lot to be grateful for. But I came here not to represent Wall Street, but to work real hard for Main Street. I came here to look after the underdog, the little guy, the working folks in this country that right now I think are having a hard time.

I am not talking about people on minimum wage. That is 3 percent of the work force. That is people at a starting level, just coming into the work force. I am talking specifically about the other 97 percent of the work force that are making more than minimum wage. They are also having a very difficult time today.

The gentlewoman from Washington talked about the special interest groups, Mr. Speaker, the PAC money, the influence these lobbyists actually have in Washington now. I am one of the very few Members of this body who do not take any of their money. I listen to the folks back in Polk County and Meigs County and small counties in east Tennessee. They are the ones that sent me here. They are the ones I take my campaign contributions from. They are the ones I listen to.

I listen to small business people real close to the ground, and I think they are having a difficult time. They are overtaxed, they are overlitigated, they are overregulated. I think of small business people like my father, who in the 1950's paid less than 10 percent of every dollar he made to the Government, total: Federal Government, State government, local government combined, less than 10 cents of every dollar. Today that obligation in this country is about half of every dollar a man or woman makes goes to the Government. It is climbing to where, when my children are my age, it is going to be more than 80 cents of every dollar. How much can we pay as a free nation and a free people in taxes?

We are overlitigated: too many lawsuits in America. We need lawyers in America, but we do not need this many lawsuits. We do not need so many lawsuits. We need tort reform, clean up the legal system, make it quicker and cleaner if you have a dispute. Frankly, we have too many lawyers in this body. We have 148 lawyers in Congress. No wonder the laws that are passed here help lawyers make money. We have too many lawyers in Congress.

We are overregulated. Frankly, a lot of our businesses are moving overseas because our regulations are extreme. Because of the new Congress, EPA and OSHA are making some reforms and going in the right direction. There has been a lot of screaming and yelling since we got here, this new Congress, but the fact is those agencies that have been screaming and yelling are actually making the reforms that we have advocated.

But the average person is losing ground. Economic insecurity I think is setting in. I think of single parents, single moms who are getting up in the morning and getting their kids ready, sending them off to day care, sending them off to school and going to work, humping it, working hard, trying to make ends meet, just to keep their head above water, not to get ahead, just to get by. I think of parents like myself with small children who are having a tough go of it, people in their thirties who are accumulating debt that frankly they do not know how they are going to pay. I think of people in their forties and fifties with strained family budgets right now, having a difficult time getting by.

Our senior citizens are worried right now that politicians are not going to do the right thing to preserve and protect Medicare. They are worried up here that they are not going to keep it intact, and we are trying to do that, and I think they are beginning to see through the smoke and mirrors of the people who are opposing the necessary changes to Medicare.

I look around the world, Mr. Speaker, and I see nationalism growing in other countries. We see Israel. In elections there, nationalism wins. We look at the Soviet Union, nationalism is on the rise. What about our country? Where is our nationalism? Where is our sense of country, our patriotism today? Mr. Speaker, I am for free trade, but by George, we need fair trade, not just free trade. We are losing our manufacturing base in the United States of America, and we are not willing to stop and say that we need to renegotiate NAFTA. We need to stop. It is not working. It is costing us farming jobs, it is costing us manufacturing jobs in appliance manufacturing. Our textile industry is moving overseas.

The gentlewoman talks about China. Most-favored-nation status should not be given to China. They are actually taking our intellectual property. They are pirating our goods. We have got to look at our country and look after what is best for America. I come from the Teddy Roosevelt-Abraham Lincoln school of Republicanism, where we have to preserve American jobs first. If this country is going to be the world leader that it has to be as the only superpower in the entire world, we have to rebuild America and put America first.

□ 1930

The SPEAKER pro tempore (Mr. FOX of Pennsylvania). Under a previous order of the House, the gentlewoman from New York [Mrs. KELLY] is recognized for 5 minutes.

[Mrs. KELLY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. FIELDS] is recognized for 5 minutes.

[Mr. FIELDS of Texas addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

HOUSE URGED TO ISSUE CONTEMPT CITATIONS CONCERNING TRAVELGATE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. MICA] is recognized for 5 minutes.

Mr. MICA. Mr. Speaker, I come before the House today to again call on the Speaker and House leadership to bring forward the contempt citation against Mr. Quinn, legal counsel to the President, and other White House officials who have been involved in keeping documents relating to ''Filegate'' from the Congress and also from the Special Counsel.

I serve on the committee charged with the jurisdiction of investigations and oversight. It is the House Committee on Government Reform and Oversight. We have been investigating this matter now for over 2 years. We have requested files for over 2 years. The pattern of evasiveness, the pattern of deceit by the White House in keeping these records both again from the Congress, the Special Counsel, and our committee is abhorrent.

Let me just cite from our report, the contempt proceedings that were offered to the House, some of the facts relating to this matter. This all deals with Travelgate which our subcommittee was investigating.

Weeks after the firings of 7 long-time White House Travel Office employees, President William J. Clinton staved off a congressional inquiry into the growing controversy by committing to House Judiciary Committee Chairman Jack Brooks on July 13, 1993, and this is what the President said: ''You can be assured that the Attorney General will have the administration's full cooperation in investigating those matters which the Department wishes to review.''

No mention then of executive privilege from the President on withholding documents from the investigators. In fact this is quite unprecedented. Even in Irangate, President Reagan offered all materials to congressional investigators. This is almost unprecedented, and again an issue that does not deal with foreign policy or national policy but is an investigation of the conduct within the White House, that this information is kept from us.

This is what the President said in January 1996, this year. He stated, ''We've told everybody we're in the cooperation business. That's what we want to do. We want to get this over with.''

Yet we still have not, as of this day, gotten one-third of the documents relating to this matter. Let me read really the essence of what this is about, and let me quote from notes from a White House aide that we obtained just recently this year, dated May 27, 1993. This is the date of the document.

White House Management Review author Todd Stern wrote this. This is not the Republicans, this is a White House operative. He said: ''Problem is that if we do any kind of report and fail to address those questions, the press jumps on you wanting to know answers; while if you give answers that aren't fully honest, e.g., nothing re: HRC''—Hillary Rodham Clinton, he uses the initials—''you risk hugely compounding the problem by getting caught in half-truths. You run the risk of turning this into a cover-up.''

Now, I did not say this. Our committee did not say this. No Republican said this. This is a White House aide.

We see why they have kept these documents from us. The fact is that two-thirds of the documents we sought, were sought by a bipartisan subpoena, have been withheld from the Congress by the White House.

The fact is, we now know why the White House has stonewalled the Congress. The fact is, the White House in this case misused the IRS and the FBI, the chief law enforcement agency of this Nation, in an incredible abuse of power. The fact is, and this will come out, the civil rights, the privacy rights, the Hatch Act, all of these laws I believe we will find have been violated. These are the rights and the privacy of past and present Federal employees. One of the most egregious violations is that they obtained the files of three of our staff directors of our Investigations, and Oversight Committee, the one on which I serve.

The fact is that more than 2,000 pages of documents are still being kept from the Congress, from the media, from the Special Counsel relating to this matter.

I call on the Speaker, I call on Chairman CLINGER, I call on the House leadership to bring forward to the floor of the House of Representatives this contempt citation. We must vote on it, and we must find Mr. Quinn and officials at the White House in contempt of Congress for their actions in this matter.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan [Mr. SMITH] is recognized for 5 minutes.

[Mr. SMITH of Michigan addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. WELDON] is recognized for 5 minutes.

[Mr. WELDON of Florida addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

FIXING MEDICARE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. HOKE], is recognized for 5 minutes.

Mr. HOKE. Mr. Speaker, the Medicare trustees have just issued their annual report and the news in that report is not good. Medicare is now losing money for the first time ever. We are actually taking in less than we are spending. It is going to be completely broke by 2001, according to the trustees, unless prompt, effective, and decisive action is taken to control costs.

I think it is important, Mr. Speaker, to understand that the trustees are not a partisan group. They include three members of the Clinton Cabinet. Last year those trustees projected that Medicare would not run out of money until 2002. This year they are saying that under the middle scenario, because the way that they do their projections, they have to come up with three different scenarios, best case, worst case, and middle case. They are saying that under the middle scenario, it is going to run out of money in 2001 and that under the worst scenario it could be 1999 when the trust fund runs out of money.

So as bad as the news is, what the American people need to know is that regardless of who wins in November, Medicare's financial crisis is going to be solved, because letting Medicare go bankrupt is simply not an option. It is not an option for the responsible legislators of this Congress and it is not an option that exists for the President or anybody who is elected to be President.

Both Congress and the White House have offered plans that limit the rate of growth in Medicare spending by strikingly similar amounts. The White House would increase spending 7.2 percent annually. Congress would increase spending 7.0 percent annually. To put this in perspective, bear in mind that right now the annual growth rate in private sector health care spending is less than 3 percent annually.

What I have just said will no doubt, Mr. Speaker, come as a great surprise to those who already have suffered from overexposure to the semihysterical, patently, false, and politically motivated mantra of cuts, cuts, cuts. President Clinton himself put it well when he said, ''When you hear all this business about cuts, let me caution you that that is not what is going on. We are going to have increases in Medicare.''

While the sides are essentially in agreement with respect to how much to restrict the rate of growth in Medicare, or how much to let it grow—7.0 percent, 7.2 percent—in fact there are very significant differences as to how to do that.

The President and those who believe that Washington knows best are committed to a top-down, bureaucratic solution that would increase the Government's role in the health care of our seniors. It is essentially identical to the plan that Mrs. Clinton was the chief architect of in 1994 and which we defeated in this House in 1994. That is, a plan that depends almost exclusively on forcing senior citizens into managed care. That is the President's notion of the way to get control of the Medicare crisis. But the far better solution is to modernize Medicare and give seniors the same kinds of options, including medical savings accounts, that are now available in some of the very best private sector plans while preserving their right to stay with traditional Medicare if that is what they choose.

In addition, we must mount the first ever attack on waste and fraud and the waste and fraud that has helped bring Medicare to the very brink of bankruptcy. I remember when Bob Reischauer was still the director of CBO, he testified before the Budget Committee that I serve on. He stated very clearly that somewhere between 15 and 20 percent of the money that is spent on Medicare goes down the drain in waste and fraud. Think about that—20 percent of $180 billion is $36 billion hard-earned taxpayer dollars thrown away.

Unfortunately, some folks, including politicians, Washington special-interest groups, even the President himself, have indulged their partisan ambitions by intentionally trying to scare seniors into believing that Congress might like their Medicare benefits away from them. Helping to spread that poison are the big labor bosses in Washington who have spent literally millions of dollars confiscated from their own rank-and-file membership on advertisements pursuing that same big lie. Yet when you cut through all the political grandstanding, one thing becomes crystal clear. The longer a Medicare solution is put off, the harder and more unplatatable the choices become. We need all sides working together now, not as Republicans and as Democrats but as Americans, to solve this problem.

So the next time that you hear someone attack Congress for killing Medicare, ask them to show you their plan to save it. The chances are they will not have one. That is because they are thinking more about the next election than they are about the next generation.

HEALTH CARE

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Arizona [Mr. SALMON] is recognized for 60 minutes as the designee of the majority leader.

Mr. SALMON. Mr. Speaker, tonight I would like to talk about a very crucial issue that I think probably most of us campaigned on the last election cycle, the issue of health care and the health care dilemma in our country.

Most estimate that there are probably about 40 million to 50 million Americans out there that have a lack of health insurance to take care of the needs of their family. As the father of 4 children, my heart goes out to those people, because frankly when your child is sick, there is nothing in the world that you would not do, nothing that you would not give up on the planet to pursue an effective remedy for that child's health malady. Or if a parent were sick or a wife or a husband, you would give up everything that you had to pursue the most state-of-the-art medical technologies available to try to rescue that individual.

I have some friends back home in Arizona that have a child with cystic fibrosis. Let me just tell a little about their story. They are both self-employed, have had health insurance for years and then they had a child with a serious health malady, cystic fibrosis. I think as most know, cystic fibrosis is a disorder that can be very, very debilitating, requires a lot of medical care, a lot of money to be expended, a lot of time, love, and patience, and most people with cystic fibrosis do not live past their teenage years. If you have a child with cystic fibrosis that lives on into their twenties, you count yourself lucky to have had that time available to spend with them.

My own child, Jacob, when he was a young boy, had several health problems and there was a fear that he might have cystic fibrosis. They did a little medical test on him and they determined that he did not have it, but I remember in the 3 days that we were waiting for that diagnosis to come about after they had done the testing, I remember the agony that we went through, the fear that we went through as parents wondering whether or not our child had this debilitating illness. But, then, this is not about my problem, it is back to my friends in Arizona and their child. Because after their child was diagnosed with cystic fibrosis, their insurance rates skyrocketed. In fact, they went up about 5 or 6 times. The premiums went up exorbitantly. They could not afford it anymore. And so they had to drop their insurance.

The answer in today's society under our current administrative policies and State governments and Federal Government, at least in the State of Arizona, is they have to spend down all of their assets to qualify for Medicaid so that that child could get the kind of care that she needed to preserve her frail young life.

□ 1945

That is not right. We ought to be addressing the issue of preexisting conditions. We ought to be addressing the issue of portability. These things are not just campaign slogans, they are not rhetoric. They are real-life situations with people, with situations that would tug at your heart strings. Most of us that have children and recognize again that you would do anything for a child that was in harm's way, such as this child is, you would do anything,

you would give up everything. There is no price too great to pay.

But why should they have to? Should we not hear, as representatives of our Nation's Government, the people that sent us back here to carve solutions? Should we not address the problem? Well, about 57 days ago, the House passed a measure, a health care reform bill that would do just that. It addressed the issue of preexisting conditions. For those people that are not self-employed, like my friends, but they work for a larger employer, they are not necessarily canceled from their insurance but they are job locked. They cannot ever change or go into a different job because they know that if they have to get another job that the likelihood that the insurance company from the new employer will pick them up is slim to none.

So for years and years and years, people have been locked into these jobs because they have no alternative if they want that kind of care for their little one, or for their mom and dad, or for their spouse, or whatever the case may be. But we passed a measure that would deal with that 57 days ago, but it is still stuck because the President has an aversion to one of the components in the bill that he says he cannot support.

So, thus, it has been held hostage for 56, 57 days, and the clock keeps ticking while these Americans keep waiting for health care reform. They keep waiting for us to cross partisan boundaries and be Americans first and do what is right by the American people, and it languishes because the President cannot support a particular component which I will get to later.

Mr. Speaker, up to 25 million Americans would benefit from preexisting conditions reform, which eliminates the preexisting conditions exclusions for people with prior health coverage. That helps America's roughly 4 million job-locked workers by freeing them to job hunt since companies will be required by law to accept persons who had prior health insurance coverage, a very, very substantial reform. Instead of making these changes happen, this President holds the reform package hostage.

This bill, this medical reform bill, also establishes a fraud and abuse hotline and, obviously, I think most of us know why we need that. There are those in the health care industry that would profit off of human misery and suffering. I think that probably the numbers of those people are probably relatively small, but just like any aspect of our society, lawyers, doctors, politicians, teachers, you name it, you will find fraud and abuse in virtually every aspect of our society. That is not to say all people are rotten. That is to say that fraud and abuse are two bad by-products of our society and things that we need to keep a lid on.

Most of us see the problems when we go to the hospital. We see the $10 aspirin and we see the wooden throat stick that they use that we are charged $15 for, and we know that there is a major problem where we have been in for surgery and we know that possibly we have been charged for things that never happened to us or services that were never rendered. So there needs to be a fraud hotline and the laws need to be tightened up, and this bill does that, but it languishes. We cannot get by the filibuster rule in the Senate because the President holds it hostage because there are things in it that he says that he cannot stomach.

Mr. Speaker, it increases access and it increases affordability. Our plan fights the discrimination that has been applied to small business for years. Why is it that a large company that employs thousands or maybe even tens of thousands of people, why is it that they can get full tax deductibility as a legitimate business expense for health care coverage that they provide to their employees, but yet a small employer that employs 50 or fewer or 100 or fewer, why is it that they do not enjoy the same kind of tax favorability that the large, big corporations do? Is it not known that in this country 80 percent to maybe 85 percent of all of the people that are employed in this country work in small business? Then we scratch our heads and we wonder aloud, I wonder why it is that these small businesses are not providing health care?

Well, when you have a discriminatory tax policy which favors the big corporations that yield the tremendous profits but yet you won't give the same kind of a tax break to small businesses, you understand part and parcel the dilemma and the problem that we are now faced with in the health care arena. Yet our bill addresses that problem. Right now they only enjoy a 30 percent deduction, and that, again, only happened after the Republicans took Congress a year and a half ago.

We are proposing to take it up to 80 percent. We would like to take it to 100, but the President has a problem with that, too. He does not want the people in small business to enjoy the same kind of tax favorability on their health care deductions as the large business people get, and yet it languishes because the President holds it hostage.

Seniors and the terminally ill, two Contract With America provisions, are provided in our plan. The first allows tax deductions for long-term health care needs, such as nursing homes and home care; home care, something that has not been provided ever by this body. The second allows terminally ill patients and their families to receive tax-free accelerated death benefits from their insurance companies. These provisions will provide greater financial security to families struggling with terminal and catastrophic illnesses, but yet that is also included in our health care reform plan. It is still languishing, day 57. It is held hostage by the President.

On cutting red tape, now, how many people out there think that we do not need to cut red tape when it comes to the health care bureaucracy? I think most people that have ever dealt with any kind of health care provider understand that probably 40 percent of a doctor or hospital's time is spent pushing paper, satisfying regulations of a State and Federal bureaucracy, as well as a big insurance company bureaucracy, and yet our plan has a measure that would cut through this red tape. In fact, it is one of the biggest measures, and this is the one that we want to talk about tonight, the thing that the President is so adamantly opposed to, and that is the concept of medical savings accounts.

He would tell you that this is just another way that we are rewarding our rich friends. Well, let me talk to you about this commonsense solution, and you decide for yourselves if this is something that would help people or it would hurt people. The concept is easy. It is like an IRA fund where people can set aside or your employer can set aside for you pre-tax dollars with no taxation whatsoever, and it would be in your own account for you to spend on your medical needs. Now, coupled with that, the employer, or if the individual purchases the medical savings account or establishes a medical savings account for themselves, would then also purchase a higher deductible policy. Let us say they have in their medical savings account $2,000, so then they would purchase a policy with a deductible of $2,000.

Now, the actuaries will tell you and common sense will also tell you that the higher the deductible, the lower the premium coverage. So for pennies on the dollar, you can get a policy that covers your needs but has a higher deductible. Then you pay cash out of your medical savings account when you go to see whatever provider you want to see, whether that is a DO, or a chiropractor, or a naturopath or your own allopathic physician, your gynecologist, your OB/GYN, your orthopedic doctor, whatever health care provider you choose for yourself to meet your needs, and not have some bureaucrat dictate to you what your needs are and how your needs should be resolved or addressed, you decide. It puts ultimate freedom in the hands of the patient, and it puts it back to the free market solution that has worked so well for other aspects of our economy.

Let me tell you some of the reasons that medical savings account will work. When you are spending your own money, you are a little bit more cost conscious and probably a little bit better at detecting fraud and abuse than some of these big bureaucracies are. When you spend your own cash, you are going to be very frugal and you are going to be very cost conscious and you are going to shop around and get the best deal you can.

Mr. Speaker, let me illustrate from my life. When our last child was born,

Matthew, the cost paid for his delivery by my insurance company to the hospital and the doctor was $3,500. Two months later, my sister-in-law had a baby, but she did not have insurance, so she paid cash, $1,500; $2,000 difference by paying cash. The same thing will happen for all individuals out there, we who are able to shop around and get the best deal they possibly can.

Also, when you do not have to worry about going through this big monstrous bureaucracy, be it an insurance bureaucracy or be it a Federal, local or State bureaucracy, you do not have all the paperwork to go through. So obviously you are going to get a better price, and the cost will come down. It puts ultimate freedom in the patient's hand. It cuts costs.

At the end of the year, the other wonderful thing is that what you do you spend is yours. It does not revert to some insurance company's profits bottom line, and it does not go back to some wasteful bureaucracy in Washington, DC. It is your money to do with as you need to do. If you spent it on something other than health coverage, it will be taxed at the normal rate. But if you decide to roll it over the next year to grow the value of your medical savings account, then there is no taxation whatsoever. And a relatively healthy person of my age that started a medical savings account, kept rolling it over and did not have any serious health concerns to pay out of the medical savings account would be able to have a real healthy nest egg by the time they retire to deal with their own long-term care.

Mr. Speaker, this is a wonderful plan. I cannot understand why the President would hold it hostage. He says that it is a benefit to the rich people. Well, common sense would tell you again that, if you gave a medical savings account to some individual, they would be able to make just as smart decisions as a rich person could if they did not have money.

Common sense would also tell you that, when a person gets first-dollar coverage right out of their medical savings account provided to them by their employer in lieu of the traditional kind of health care coverage or forcing people into managed care, and giving them the ultimate freedom, that these individuals can make good decisions for themselves.

The real answer for why I think some of the liberal people hate medical savings accounts is that they fundamentally believe that people, that the American people are too stupid to take care of their own health care needs, and they have more faith in bureaucrats and bureaucratic systems than they do a father or a mother taking care of the health care needs of their child, or a spouse taking care of the health care needs of his or her spouse.

Well, we Republicans in Congress have a different idea. We agree with our Founding Fathers that the free market system indeed works. It works in the sale of cars. It works in the sale of food. It works in the sale of commodities. It also works in health care. It keeps everybody honest. It gets back to the idea that people are in charge, not bureaucrats. People are in charge of their health care destiny, and they can best determine what their needs are.

Let me read just real quickly a couple of letters that were written that show the real hypocrisy in this debate. One is dated September 8, 1992, and it says: dear colleague, and it was sent to all the colleagues in the Senate at the time:

> The United States is faced with a crisis in health care on two fronts: access and cost control. So far most of the proposals before Congress attempt to deal with access but do not adequately address the more important factor, cost control. We have introduced legislation that will begin to get medical spending under control by giving individual consumers a larger stake in spending decisions.

I do not need to keep reading the letter. I think you get the gist of it. But later on it says, in order to protect employees and their families from catastrophic health care expenses above the amount in medical care savings accounts, an employer could be required to purchase a high deductible catastrophic insurance policy, exactly the plan we are offering. In fact this is probably one of the most ringing endorsements for the concept of medical savings accounts coupled with the catastrophic care policy as I have ever seen or heard of.

Do you know who signed this ringing endorsement of medical savings account? Senators TOM DASCHLE, of all people, and JOHN BREAUX, two of the voices now that are echoing the President's concerns that this is only again tax breaks for the rich or medical care for the rich. Back then in 1992, when they were in control and when they were trying to approach it from a bipartisan instead of an extremely partisan approach, they said that medical savings accounts was an idea whose time had come and one of the best ways to control costs and provide ultimate freedom to people to make the health care decisions for their lives. But, oh, what a difference a day makes. Just a few years later right in the heat of a campaign for the Presidency, now they are taking the President's side and they are opposing medical savings accounts.

Mr. Speaker, could it be that they do not want the Republican Congress to get credit for such a wonderful idea and so they want to stall it for that reason? Or could it be that some of the managed care institutions who have lobbied them so hard because they fear that they will substantially lose market share when we do not force people into managed care have lobbied them so hard and heavy that they are afraid of losing those friends who have helped them get into office?

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One last letter I would like to read to you and then I am going to yield the balance of my time to the distinguished majority whip in the House of Representatives. Just so you know that this is not a Republican approach, this is an idea whose time has come.

By the way, there are about 25,000 companies out there who are offering medical savings accounts to their employees with phenomenal success. In fact, almost every one of them, to the company, have realized a decrease in their health care costs, happier and healthier employees controlling their own health care destiny and not having it mandated to them from either assurance bureaucracy or a Federal or State bureaucracy.

Who else has realized this? There are some, I think, very, very reasonable folks on the other side who have recognized this is the way it goes. This is a letter to President Clinton.

> Dear President Clinton: As original cosponsors of medical savings account legislation in the House of Representatives, we urge your review of and your public support for this wonderfully innovative idea.
>
> The recent vote on the House Republican plan should not be used to judge the Democratic Party's position on medical savings accounts. As you know, medical savings accounts have been a major plank in Congressman TORRICELLI's health care platform in his Senate race.
>
> We cannot think of a more Democratic idea than MSA's. In fact, it was originally our idea. We want Democrats to get credit for it. In the Senate, Democrats JOHN BREAUX, TOM DASCHLE, SAM NUNN, and DAVID BOREN initiated the idea, an idea they are now saying is such a rotten terrible idea.
>
> DICK GEPHARDT included MSA's in the House Democratic Leadership bill in 1994, just 2 short years ago. It was a great idea to DICK GEPHARDT.
>
> There were 28 House Democrats who cosponsored our initial MSA legislation. There are currently three Democratic U.S. Senate candidates who have supported MSA legislation.
>
> You also should know that the current contract of the United Mine Workers provides its members with MSA's. We do not believe the UMW qualifies as healthier and wealthier than the general population—a charge leveled by uninformed MSA opponents.

I could go on. Again, they are extolling the virtues of medical savings accounts. It is an idea whose time has come. Let us stop holding health care, innovative, life saving health care reform, hostage, because we owe some special interest a favor or because we do not want Republicans to get credit for a wonderful idea whose time has come. Let us do the right thing by the American people.

President Clinton, I urge you, with every fiber of my being, to sign this into law, to stop holding this legislation hostage. If you really feel our pain, as I know you say you do, then realize that there are millions of people out there who would benefit dramatically. My friends back in Arizona who have the child with cystic fibrosis, they are counting on you, President Clinton, to not only talk the talk, but to begin to walk the walk.

REPUBLICAN ACCOMPLISHMENTS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Texas [Mr. DELAY] is recognized for 38 minutes as a designee of the majority leader.

Mr. DELAY. Mr. Speaker, I thank the gentleman from Arizona [Mr. SALMON] for his wonderful words, trying to straighten out exactly what is going on in this Congress, and particularly as it pertains to all the political rhetoric that gets thrown around out here.

People's memories seem to be rather short when it comes to remembering, one, that six Senators, six Democrat Senators on the Senate side campaigned on the notion that they wanted a balanced budget amendment to the Constitution, and yet they are the very ones who stopped us from being able to pass that amendment to the Constitution and send it to the States.

The gentleman from Arizona [Mr. SALMON] was very eloquent in pointing out the fact that leaders of both the House and the Senate supported medical savings accounts when they controlled the House, but when it came time to actually vote for them and work for them and actually put them into place, they were nowhere to be found and in fact worked very hard against it.

The same thing happened last week. Last week the House Democrat leadership issued a report regarding the efforts of the Republican Congress to bring change to the Federal Government. Now, not surprising, the Democrats had very few kind words to say about the Republican Congress. Coming from the guardians of gridlock, the masters of disaster, the stalwarts of the status quo, their words of disapproval should be seen by the American people as affirmation of all of our efforts over the last 16 months.

To the Democrat leadership, any change that makes the Government work better, that brings power back to the people, that cuts wasteful Washington spending, is mean and extreme. But my colleagues, who is the extremist? The one who fights to change Washington, or the one who battles that change? Let us go through 10 legislative issues, just 10 issues, that the Congress considered this last year to find out who really is extreme.

First, a balanced budget. Now, do you support a balanced budget amendment to the Constitution? Should the Congress actually balance the Nation's books like families are forced to balance their own books?

Eighty-three percent of the American people support a balanced budget amendment to the Constitution. The Democrat Congress, the 103d Congress, failed to pass a balanced budget and rejected a balanced budget amendment to the Constitution. But in the Republican Congress, the House passed a balanced budget amendment to the Constitution. It also passed a budget which balanced in 7 years, without raising taxes, the first balanced budget in a generation.

Second, taxes. Do you think the American people should be taxed more, like many Democrats think, or do you feel that cutting taxes is the right thing to do, both fiscally and morally, like many Republicans believe? Do you get tired of giving more and more of your money to Washington, or do you think that you need to give more of your fair share?

Two out of every three Americans think they pay too much in taxes. The Democrat Congress, I might point out on this chart, the Democrat Congress increased taxes by $241 billion, the largest tax increase in history. But the Republican Congress cut taxes by $223 billion, tax cuts that would have given families needed relief and would have spurred economic growth.

Sadly, the President vetoed these tax cuts. Just look: These are the facts. Under Clinton's tax increases, they imposed in 1994 $115 billion on the so-called rich. To them the rich is anyone that makes over $90,000.

Gasoline tax, they put a gasoline tax on the so-called rich, $4.3 cents a gallon, that amounted to $31 billion. They raised the Medicare payroll tax by $29 billion. They raised the Social Security benefit tax. They taxed senior citizens in this country by $25 billion. They put a tax on corporate and business by $32 billion. They did expand the EITC that saved $2 billion, and then raised another $11 billion, for a total of $240 billion.

Now, that did the Republican Congress do, that was vetoed by the President? We cut taxes on 30 percent health insurance deduction by $5 billion. We raised the earnings limit test. The earnings limit is where when senior citizens make over $11,520, then they are penalized by higher taxes. We raised that limit to $30,000, and we hope next year to repeal it altogether. That saved senior citizens $6 billion.

We had a $500 per child tax credit, that was $150 billion, vetoed by the President. We had a medical savings account that saved $2 billion, vetoed by the President. We had a capital gains tax cut. Now, this is the so-called tax cut for the rich. But you tell a small farmer that just sold their farm, or you tell your parents who are trying to sell their house in order to take care of themselves in their retirement years, they have to pay huge capital gains taxes. We cut it by $35 billion. Vetoed by the President.

We expanded the use of investment retirement accounts by $12 billion, vetoed by the President. We even gave estate tax relief, that is inheritance tax relief, so you could pass on what you worked for all your life to your children, we cut it by $12 billion, vetoed by the President. This comes to a total tax cut package of $223 billion.

The third issue is wasteful Washington spending. Do you think we need more wasteful Washington spending programs? Or do you think that Washington should spend less of your hard-earned money?

Do you support questionable Washington spending on pork-barrel projects inserted by Washington insiders? Well, 71 percent of the American people support reducing funding for all Government agencies.

The Democrat Congress, I might say, on Government spending and under the line-item veto, the Democrat Congress passed spending bills that increased spending by $8 billion. It also tried to pass a pork-laden spending package, which they mistakenly named an economic stimulus package, a package that paid for efficient atlases or building swimming pools, to the tune of $3.2 billion. Have you ever heard of midnight basketball? That was in their stimulus package. they also gave the IRS $148 million more to get involved in your personal life. They even gave $800,000 to whitewater canoeing teams.

The Republican Congress though, the Republican Congress cut $43 billion in real wasteful Washington spending. The Republican Congress also passed a line-item veto to get rid of these pork-barrel spending projects, which the President did sign into law. We give him credit for that.

The next President of the United States, starting in January of next year, will be able to use for the first time in the history of the United States, the line-item veto.

The fourth issue is Congressional reform. Are you concerned that the Congress is out of touch, that special interests and lobbyists have too much power over what happens in Washington, that Members of Congress should live under the same laws as everyone else?

Ninety-two percent of the American people are concerned that special interests and lobbyists have too much power over what happens in Congress.

The Democrat Congress failed to pass any, any, Congressional reform. They failed to pass a law that required Congress to live under the laws it passes on everyone else. It also failed to pass any reform regarding ethics or lobbyist influence.

The Republican Congress succeeded in passing all kinds of reforms. It passed a Congressional compliance law, making it certain that Members of Congress live under the laws it passes on everyone else. I guarantee you, Members of Congress' eyes are growing bigger and bigger when they have the notion of an OSHA inspector coming in and inspecting their offices, they get an EOC complaint filed against them, or many other ways. Right now we have labor unions on the Hill trying to organize our employees. It has a lot of Members thinking about living in the real world, and it has changed their thinking about what this body does in imposing regulations on the rest of the country.

We also ban the gifts that Members can accept from lobbyists and require greater disclosure of lobbyist activities. We cut our committee staff by one-third. We eliminated ghost voting.

Now, in committee, in order for a Member's vote to count he has got to be sitting in that chair and raise his hand and vote. No more ghost voting.

We have gone on and on with all kinds of reforms and opening this House up and giving it back to the people. These are real reforms desired by the American people.

The fifth legislative issue, welfare reform. Now, do you support a complete overhaul of the welfare system? Should we create a system where able-bodied Americans must work? That ends the cycle of dependency and despair? That limits the time people can spend collecting welfare without working?

Well, 71 percent of the American people support a mandatory 2-year cutoff for welfare without work. The Democrat Congress under welfare reform produced nothing, nothing, to end welfare as we know it. Not one proposal in the 103d Democrat Congress even passed out of the full committee. And this is when they controlled both houses and they had the President of the United States at the other end of Pennsylvania Avenue, who promised the American people in 1992 that he would end welfare as we know it.

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Not one proposal got out of a full committee. But the Republican Congress produced far-reaching welfare reform that placed time limits, work requirements, and other incentives that give poor people a hand up, not a handout.

The President vetoed this plan twice. Now, we are going to send it to him again. Maybe he will wake up and honor his promises and will not veto it, because we are going to send him another welfare reform package.

The sixth legislative issue: Health care reform. Now, do you think we need government-run health care, where your family's health care decisions are made by bureaucrats based in Washington? Or should we have commonsense health care reform that allows families to make their own health care decisions, allows people who change jobs to take their health care with them, and weeds out waste, fraud, and abuse from the health care system?

The gentleman from Arizona, who spoke right before me, laid this out perfectly and eloquently. By the time the Democrat Congress gave up on the Clinton health care plan, a majority of Americans thought it would hurt health care quality and drive up health care costs. The Democrat Congress tried but failed to pass out of either House the President's huge government-run health care proposal.

The Republican Congress has passed a health care reform which will guarantee portability with no preexisting conditions. It creates medical savings accounts, it cuts down on frivolous lawsuits, and cuts out waste, fraud, and abuse in the health care system. We expect this measure to get to the President's desk in the next few days and we hope the President will sign it.

Part of the health care debate includes saving Medicare. Do you think that Congress should take responsible steps to rescue Medicare for the next generation, or do you prefer that the Congress put off until later any commonsense changes to the Medicare system, despite the overwhelming evidence that the system is going broke faster than previously anticipated? Should Congress pass Medicare reforms that will weed out waste, fraud, and abuse, as the Republicans want; or should it increase payroll taxes on working Americans to keep the current system in place, as the Democrats prefer?

The Medicare trustees, which include members of the President's own Cabinet, have concluded that Medicare is going broke faster than previously anticipated.

The Democrat Congress failed to enact any of these reforms of the Medicare system that will save it for the next generation, but the Republican Congress, this Congress, passed Medicare reforms which will maintain a growth rate of 7.2 percent in the program. A growth rate.

Now, a lot of Americans around the country are watching these commercials, millions of dollars spent buying commercials that claim that we cut Medicare, that we have slashed Medicare, that we are going to throw seniors out on the street. But in our plan we allow Medicare to grow faster than health care in the private sector, at the same time we are trying to weed out the waste and fraud and promoting greater choices in health care for seniors, which raises the quality of care for senior citizens.

The seventh legislative issue: Legal reform. Do you support commonsense legal reforms? Do you think trial lawyers make too much money filing frivolous lawsuits in this country? Do you think trial lawyers have too much influence on the White House? Two-thirds of southern California voters are afraid that either they or a loved one will someday be a victim of lawsuit abuse.

The Democrat Congress failed to even try to enact any significant reforms of our legal system, but the Republican Congress enacted, over the President's veto, securities litigation reform which will make it more difficult for trial lawyers to file frivolous lawsuits, and we also passed a product liability reform. Unfortunately, the President vetoed that, and we are working right now to try to get the votes to overturn his veto.

The eighth legislative issue: Immigration reform. Now, do you support giving illegal immigrants welfare benefits available to American citizens; or do you think that we need to make some commonsense changes to make it more difficult for illegal immigrants to get welfare? Do you believe that illegal immigration is becoming one of the biggest problems in America today; or do you think that it is all blown out of proportion by the media? Well, 83 percent of the American people favor a lower level of immigration.

Now, the Democrat Congress failed to pass any significant reform of immigration policies when they controlled the Congress and the White House. The Republican Congress has passed significant immigration reform that would make it more difficult for illegal immigrants to get welfare, while making it more difficult for illegal immigrants to enter the country.

And, finally, the legislation that is so important to all of us, and that is crime. Do you think anticrime initiatives should fund more social welfare programs; or should it make the death penalty more effective? Seventy-nine percent of the American people support the death penalty for murderers.

The Democrat Congress, in fighting crime, passed a crime bill, signed by the President, which would increase spending on prevention programs for things like midnight basketball.

The Republican Congress passed a crime bill, a real crime bill. It was signed by the President, and we got to give him credit for that, which would reform the death penalty procedure to end all these endless appeals, a process that has frustrated the American people, all these endless appeals by death row inmates.

Of course, there are other issues that are not reflected on this chart, issues such as regulatory reform, an issue very close to my heart as a former small businessowner. But do you think we need more Washington power, more crazy Washington regulations, more Washington mandates? Eighty-two percent of the American people believe that the Government is intruding more and more on their personal rights and freedom.

The Democrat Congress expanded on the regulatory state of earlier Congresses, putting more and more regulations on small- and medium-sized firms, costing jobs. The Republican Congress worked to clean up the regulatory environment, bringing commonsense, sound science, and cost-benefit analysis to regulations that come from the executive branch, to make regulations work better, to make regulations work more efficiently, to make regulations actually do some good.

Mr. Speaker, this Republican Congress can best be described as remarkable. We are doing the people's business the way that they want it done. Democrats have taken to calling the Republicans extremists. I say that defending the status quo is extreme. Defending the disastrous Democrat Congress is extreme. Defending a broken welfare system is extreme. Defending wasteful Washington spending is extreme. Defending the largest tax increase in the history of this country is extreme.

Make no mistake about it, when the Democrats ran the Congress, they did an extremely bad job. So, I urge my colleagues to remember this very simple point. Extremism in the defense of

status quo is no virtue. And, sadly, that is all the liberal left has to offer these days.

WHAT APPROACH SHOULD WE TAKE TO THE TEACHING OF CURRENT EVENTS AND AMERICAN HISTORY

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from New York [Mr. OWENS] is recognized for 60 minutes as the designee of the minority leader.

Mr. OWENS. Mr. Speaker, today we passed the Church Arson Prevention Act, and I think practically every Member present voted for that act. It is to the credit of this Congress that this is a bipartisan effort to deal with a heinous set of crimes and to let the message go forth from the leadership of this Nation that we will not tolerate such acts.

There is a disease out there that every now and then manifests itself, and the leadership of the Government has the duty and obligation to let it be known that we will not encourage it, we will not condone it, and we will do everything possible to make certain that those who are guilty are punished.

I want to talk a little bit about the burning of black churches in the south, but I want to talk about four other things that also relate to it, although it is not obvious how closely related they are on the surface.

I want to talk about the recent controversy surrounding the standardization of a national curriculum for history, especially for American history.

I also want to talk about the controversy surrounding the invitation to Supreme Court Justice Clarence Thomas to speak at a Prince George's County school and what happened as a result of that controversy.

I want to talk about a man named Kenneth Johnson, who objected to Justice Thomas speaking there. Mr. Johnson is a school board member, and he felt that there was some problems there, and I think Mr. Johnson's allegations and his concerns deserve to be looked at more closely.

I also want to talk about the recent Supreme Court decision on the Voting Rights Act.

And, finally, I want to talk about the extremist budget cuts of the Republican majority, and I want to insist that all of these things are related and show how they are related.

I think the overall theme of what I am trying to say relates to a bigger issue of what approach should we take to the teaching of current events and of American history. What approach should we take to the teaching of current events and American history?

What was the controversy in Prince George's County all about? Why did Kenneth Johnson object as a school board member to Justice Clarence Thomas speaking at the school in a ceremony where people would not have a chance to question Justice Thomas; in a situation where children would be left with the impression that Justice Thomas was being offered as a role model and that they should pattern their lives after him?

Prince George's County is predominantly a county made up, the schools are predominantly African-American children. The school where Justice Thomas was speaking was composed primarily of African-American children. Kenneth Johnson, the school board member, was saying that African-American children should not be led to believe that Justice Thomas was a role model; that that would be really a slap in the face, considering the kinds of rulings that Justice Thomas has made, the kind of record Justice Thomas made before he became a Supreme Court justice, and the controversy which presently surrounds Justice Thomas and the decisions that he is making.

What does this have to do with church burnings and what does it have to do with Supreme Court decisions? Well, Supreme Court decisions relating to the Voting Rights Act are probably Justice Thomas's most controversial decisions.

The Voting Rights Act is an act which probably makes more sense than any other effort ever undertaken to remedy the situation caused by 232 years of American slavery. Two hundred thirty-two years of American slavery was a most criminal enterprise. Probably nowhere in the history of the world have we had a situation like those 232 years of American slavery.

We are very critical of Germany in that the current practices of Germany seek to minimize what happened in the Nazi era; that Germans do not rush to discuss what happened in the Nazi era. They do not rush to discuss the holocaust and what happened to 6 million Jews. They do not rush to discuss what happened to people with disabilities and what they did to gypsies and other people they labeled as political undesirables. They do not rush to talk about that and they do not rush to teach about that.

They have been criticized, and yet American slavery is far more ancient than the recent history of the Nazi era. The Third Reich took place in the 1930's and 1940's.

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Hitler was defeated in 1945. But the Civil War ended in 1865, and the Civil War was a war to end slavery. A lot of people call it different things. One of the problems they are trying to teach history nowadays is the fact that people do not want to face up to the fact that the Civil War was a war to end slavery.

The Civil War ended a cruel and inhuman set of circumstances. It ended 235 years of forced labor. It ended 235 years of the destruction of human beings. All of that is part of what we wrestle with when we try to set a new curriculum for the teaching of history. We had a lot of controversy in trying to establish a new curriculum for the teaching of history, especially American history. I sit on the Committee on Economic and Education Opportunities. I know that for some time now that the effort has been going forward to develop standardized curricula in various areas that were almost standardized so that you could compare the teaching from one State to another and then we could have a curriculum where we have a body of knowledge and we can expect all Americans to know.

Immediately there was agreement on a curriculum, a national standardized curriculum for the teaching of science. Math also, there was no great controversy over the teaching the math. I even think the arts came up with a curriculum that was pretty much accepted across the country, although it was not part of the official process. But when it came to the teaching of history, a great deal of controversy has resulted.

One of the reasons is that history has to deal with what is right and what is wrong. History has to deal with treading on people's holy ground in terms of what it is that they certify as being legitimate actions taken by their ancestors. So American history with its controversial problems with the Native Americans and what happened to them, American history with its very controversial problems related to 235 years of slavery presents us with a problem.

The problem manifests itself immediately in a current event related to how shall you handle current events as related to decisions of the Supreme Court. How should you handle current events as related to a controversial Supreme Court Justice who is making decisions which directly impact in a negative way on African American people. How should you handle the invitation to that Supreme Court Justice to come to speak to an African American school when he has made several decisions since he arrived on the court which directly move African American people in this country backwards from the forward progress that was being made over the last 10 years. How shall you handle a betrayal of Justice Thomas.

What does it have to do with burning black churches? There is an atmosphere that has been established in the last 5 or 6 years, it has been growing, escalating, an atmosphere of hate, an atmosphere of racism, coming in many different forms and directions. Some of that racism has come directly from the Supreme Court. Nobody has stepped forward to point a finger at the Supreme Court and said that this is a racist majority, that these decisions are racist. It is difficult to say that, when a black man is sitting there, when Clarence Thomas is sitting there, it is difficult to call it the way it is, that these decisions are racist with respect to affirmative action, setasides, school integration, and with respect to the Voting Rights Act.

Nobody has challenged the fact that the Voting Rights Act decisions and the other decisions related to segregation and discrimination remedies, remedies that are being attempted to take care of, to compensate for years of discrimination and years of segregation. Nobody has challenged the court's reasoning and the fact that the court seems to be hell bent on ignoring the intent of the law. The court has repeatedly used the 14th amendment as the justification for its decisions that nothing which is race based, nothing which takes race into consideration is acceptable or constitutional because the 14th amendment is an amendment which calls for equal protection under the law. Everybody should be treated equal. So the court has distorted that equal protection intent of the 14th amendment to mean that we should have a color-blind America, and the 14th amendment's purpose is to establish a color-blind America.

I think any sophomore who studies American history, certainly any law school student can look at the 14th amendment in the Constitution and clearly state that the 14th amendment, the 14th amendment was all about correcting the injustices caused by slavery. The clear intent of the law, the time in which it was established, makes it certain that it was there to deal with slavery. So because you have Justice Thomas there, the Supreme Court's logic, the Supreme Court's obvious refusal to interpret the Constitution in the context of what the framers intended, what the Congress intended at the time that it initiated the 14th amendment, what the States intended at the time they ratified the 14th amendment, the refusal to recognize that is a blatant omission that has to have a racist motivation.

They are hell bent on destroying affirmative action programs, setaside programs, and they really want to strike down the entire Voting Rights Act. Recent decisions related to Texas, related to North Carolina are moving in that direction. Pretty soon you will have the Supreme Court probably saying the whole Voting Rights Act must go because it militates against a color-blind America, where race should not ever have been considered. The 14th amendment is used as the rationale for that, and the 14th amendment certainly does not do that. The 14th amendment is established, was created and conceived, executed within the context of trying to remedy the past wrongs of slavery.

Mr. Speaker, there was a 13th amendment which freed the slaves. There was a 14th amendment which gave them, the salves, equal rights. There was a 15th amendment which gave the slaves the right to vote. If you want to look at the Constitution, you will see that the 14th amendment says much more than is usually quoted when the Supreme Court talks about equal protection. The 14th amendment really goes into other problems related to slavery. The 14th amendment talks about certain kinds of property arrangements and criticizes, and makes it clear that it is concerned with other aspects of correcting injustices done by slavery.

So I want to come back to the Constitution and the 13th, 14th, and 15th amendments. I also want to take a look at another reference to race within the Constitution, which came earlier. Article I of the Constitution refers to three-fifths of all of the persons, which everybody knows meant slaves, and that is still in our Constitution. Our Constitution is not without reference to slavery. Our Constitution clearly shows that we have a problem, America has a problem that should be remedied. Part of the remedy was undertaken in the 13th, 14th, and 15th amendments to the Constitution after a terrible Civil War has been fought over the issue of slavery.

The burnings of the black churches in the South relate to the fact that we still have this unfinished business that nobody wants to take care of. So from time to time we do things, we get into an era of 4 or 5 years where we are going backwards on race relations. We are saying and doing things at high levels of government that encourage the people at lower levels who have problems out on the fringes of society who believe in violence, who have deep-seated hatreds and prejudices that they cannot control. They get out of hand because they hear a message coming from the top that we want to roll back the clock and deal with these people in a different manner. It happened in Hitler Germany. It happens from time to time in this society.

Mr. Speaker, the best remedy for it of course is what happened today. That all the leadership, Republican, Democrats, the Speaker, the Democratic minority leader, everybody moved in immediately to try to send another message about the violence that is occurring.

Immediately we want to make certain that they understand that we are not in favor of those kinds of actions. On the other hand, we are undertaking from day-to-day activities which send a different message. When you have extreme budget cuts and those budget cuts fall primarily on the poorest people in our society and 60 to 70 percent of the poorest people in our society happen to be the descendants of slaves, they happen to be African Americans, I mean 60 to 70 percent of the descendants of slaves happen to be poor. African Americans are in that category, living in large cities. The hostility toward large cities is clearly manifest by the kind of legislation that has been promulgated by the Congress over the past 10 years, hostility toward the cities where we are taking away resources, destroying programs that help the populations in the city, the urban population from transportation programs to programs for housing, you name it.

Clearly everything that benefits people in the cities has been dealt with in a very negative way over the last 10 years. So these kinds of policies economic policies, budget policies, coupled with attacks on affirmative action, attacks on the Voting Rights Act, attacks on set-asides, when you couple them all together, it sends a message that we really do not want to deal with atoning for the terrible sins of slavery. We do not want to deal with trying to compensate for 235 years of forced labor, brutality, murder, rape. We do not want to deal with that.

I do not want to be misunderstood that I do not appreciate and am not grateful for the action taken today. I certainly think we acted in the most noble way in dealing with the burning of black churches in a forceful piece of legislation today. I agree wholeheartedly with the statement made by Democratic leader GEPHARDT last week when he called upon the Speaker to take immediate action to vote on a resolution condemning the burning of African American churches throughout the South.

Mr. GEPHARDT stated that we are here today, quoting from his statement of last Wednesday, June 12, we are here today for a very simple reason. There is no criminal act, no criminal act more cowardly, more outrageous, more offensive than the burning of places of worship. When these acts are motivated by racial hatred, the offense is even greater. We believe that the U.S. Congress has an obligation to condemn the recent rash of church fires and then to impose tougher laws to crack down on the people who perpetuate these crimes.

We are asking Speaker GINGRICH to schedule an immediate vote on a resolution condemning the burnings of African American churches throughout the South. The American people should know that their Representatives are united against such baseless acts and are willing to do everything in their power to prevent and punish them. The next step is passing the Church Arson Prevention Act of 1996, to make it much easier to prosecute and punish those who burn, desecrate or damage religious property. We believe this can be done on a bipartisan basis. When these kinds of crimes occur, it is not just the churchgoers who suffer; it is our conscience as a Nation. The right to worship in freedom and safety regardless of race, religious faith or ethnic origin is the very foundation of our country. We pledge to do everything in our power to protect that right for all Americans at all times.

I include Mr. GEPHARDT's full statement for the RECORD:

STATEMENT BY HOUSE DEMOCRATIC LEADER RICHARD A. GEPHARDT URGING HOUSE RESOLUTION CONDEMNING CHURCH-BURNING

''We're here today for a very simple reason: there is no criminal act more cowardly, more outrageous, more offensive than the burning of places of worship. When these acts are motivated by racial hated, the offense is even greater.

''We believe the United States Congress has an obligation to condemn the recent rash

of church fires, and then to impose tougher laws to crack down on the people who perpetrate these crimes.

''We're asking Speaker Gingrich to schedule an immediate vote on a resolution condemning the burning of African-American churches throughout the South. The American people should know that their representatives are united against such baseless acts, and are willing to do everything in their power to prevent and punish them.

''The next step is passing the Church Arson Prevention Act of 1996—to make it much easier to prosecute and punish those who burn, desecrate, or damage religious property. We believe this can be done on a bipartisan basis.

''When these kinds of crimes occur, it is not just the church-goers who suffer—it is our conscience as a nation. The right to worship in freedom and safety—regardless of race, religious faith, or ethnic origin—is the very foundation of our country. We pledge to do everything in our power to protect that right for all Americans, at all times.''

I think that we did it today. We passed that piece of legislation, the Church Arson Prevention Act. It may be interesting to note a few facts about the church burnings. More than 30 black churches in eight States from Louisiana to Virginia have been burned in the past 18 months. That is a very important fact. It has been escalating in the last 2 months, but now more than 30 black churches in eight southern States have been burned.

The largest percentage of those burnings have taken place in South Carolina. South Carolina, I will mention later, is a special State in terms of the kind of discussion that I am putting forth about American history and the need to confront the issue of slavery and what the impact of slavery has been on our Nation and what the consequences of slavery have been on the African-American population. The State of South Carolina still flies the Confederate flag above its capitol. It has something to answer. It has some important questions to answer. What does it do to have the flag, the Confederate flag flying over the capitol, which is the capitol of South Carolina for all the people of South Carolina, including the descendants of slaves?

Another fact that we ought to consider is that almost all those arrested so far, there have been churches burned and there have been no people arrested. They have not caught any suspects or perpetrators, but those who have been arrested have been young white men. They have been typically members of hate groups, including the Ku Klux Klan, the Aryan nation and the skinheads.

□ 2045

These are facts that are very important. There are people out there on the fringes of society who have these deep seated hatreds, prejudices, and who believe in violence, and they are acting out at this time, and I say the reason that they are acting out is something that we should look at very closely. We should not just be content to pass an act today which is going to deal with what is happening right now which will contain them. That is important, to send them a message we are not going to tolerate, they do not have any sympathy in high places. We also ought to look behind the causes and understand what is going on in order to prevent a spread, an escalation, of these kinds of activities out there with respect to the acting out of race hatreds and prejudices.

Another factor is that experts say that a volatile mix of polarizing social and economic events, pitting citizens against government and white against black, has exploded in a kind of domestic terrorism that has left these churches burning across the South polarizing social and economic events and political events. The fact that South Carolina has had a great debate over the removal of a Confederate flag, the fact that there are economic tensions in that part of the country as well as most of the country because of the fact that jobs are leaving and there are fears of losing jobs and all kinds of economic fears of this generation about what is going to happen to their children; those are all parts of these events that end up pitting citizens against citizens and citizens against government, and added to that is a message being sent that in particular there is an evil related to the Voting Rights Act, there is an evil related to the set-aside programs to affirmative action. The messages are being sent that these things are part of a problem and certain people are being encouraged to focus on black churches as being the citadels of the movement or the institution which holds together black communities. When you strike at black churches, you are striking at the heart of the black community.

One other factor that ought to be pointed out is that since early 1995 the ATF has probed 25 suspicious fires at mostly white churches. In addition to predominantly black churches or all black churches, there have been 25 suspicious fires of mostly white churches.

Now the word ''mostly'' is the one you look at closely. A mostly white church means that it is a white church that has black members also. It means that it is a white church that was predominantly white or almost all white before that has admitted black parishioners or black members to the congregation. Nothing is hated more in the South by the racists and by the people who are capable of this kind of activity than integration. So a mostly white church is a church that has admitted black members. That is definitely going to be a target; they are in the same category as the black churches as far as being targets of hatred. So it is the same phenomena.

I think that if you are going to get to the heart of what is happening and not have it continue to escalate, you have to go back and take a look at the history of the South, the history of this Nation and what is going on with respect to race relations. One of the irritants that keeps occurring with respect to race relations in this country is favorable of the perception that favorable treatment of African-Americans, favorable treatment of the descendants of slaves, is wrong. This upsets people and angers them a great deal. It is wrong to have affirmative action, it is wrong to have set-asides, the rewarding of contracts, it is wrong to have a Voting Rights Act which, in my opinion, is a very conservative political remedy for a very clear problem that was identified for decades.

The Voting Rights Act was fashioned as a result of trying to deal with the fact that for more than a hundred years people of African-American descent, descendants of slaves, were not allowed to vote in the south. All kinds of tricks were used. We have to wage all kinds of legal battles in the courts, we have to have sit-ins and marches and demonstrations, and on and on it went for a long time before the simple matter of allowing a black person to go to a poll and vote could be accomplished, and the Voting Rights Act was an attempt to remedy the fact that as a result of that denial to vote, a right to vote, you had circumstances that generated a situation where there was no adequate representation by blacks in government at any level. At city levels and State levels and at the Federal level you had grossly inadequate representation as a result of all of these injustices related to voting rights that have been perpetrated for more than a hundred years. The Voting Rights Act was to correct that.

So the Voting Rights Act is part of the remedies that are necessary to deal with what has happened in American history with respect to slavery.

When we teach history to children in schools like the one that Clarence Thomas visited, the school that had an awards night and invited Justice Thomas; when you teach history to those children, how do you deal with the fact that most of the history books do not discuss this 235 years of slavery and the implications of having a population enslaved for 235 years? Most of the history books do not talk about slave labor and the fact that slaves had to work for nothing. Most of the history books do not talk about the fact that for 235 years the slaves were prevented from acquiring assets.

They were prevented from acquiring property. For 235 years one generation had nothing to pass on to another generation. Most of the history books do not talk about that. Most of the history books do not want to deal with the economic consequences of 235 years of slavery.

A youngster who is black in a school with whites, whites who have a history of having had assets, property handed down from one generation to another, most people in America who have assets, overwhelming majority of people who have assets, have property in the form of homes or real estate that was handed down from one generation to another or was sponsored and financed

by the older generation. Couples have parents who either give or loan them the money for the mortgage. They have situations where furniture and property, stocks and bonds, various assets are passed down from one generation to another. If you have 235 years where you have nothing, where you are not allowed to own anything, you do not have any property, you are forced to work for nothing, then you start 235 years behind, and every black youngster in a school ought to know that your self-esteem and your sense of self-worth should not be impacted, should not be affected without taking that into consideration. You cannot compare yourself with your peers who have the benefits of all of this hand-down from one generation to another, who had the benefit of what goes along with assets and property and wealth.

There is a correlation which is clear, and nobody questions it, between assets, wealth, and education. The people who have more income get better education. There are recent studies that confirm the relationship between income and achievement regardless of race. A lot of statements have been made about the fact that middle class black youngsters do not achieve in the same way that middle class white youngsters achieve. Well, when you study middle class and you define it more closely in terms of real income, and when you make the comparisons by income and you compare the income on the basis of what was the income on a steady basis throughout the life of a child, was it there when they were young and most formative? Did they lose the income as they got older? There is a study which has been done which has been very useful in this respect, and they give the big lie to the theory that income does not impact on all groups regardless of race, religion or color, including African American children. They are as susceptible to the impact of income. When they have the income in black families, they behave in just the same way as children in white families.

There is a study that recently was concluded by Greg Duncan at Northwestern University National Institute of Childhood Health and Human Development which talked about, which is entitled, Family and Child Well-being Research Network, and it is part of the effort of family and child well-being research network, and their conclusions are that when you compare the income and you study it closely and you see that in the most formative years of life children have a certain income, those white children and black children who have the same income in the formative years of life, early years of schooling, they preform in much the same way regardless of race as they grow older. When you have youngsters who lose, who do not have the income that supports a certain level of family life at the early ages, and they later acquire it when they get into high school, then you do have a problem. The change is quite significant. Those whose families had inadequate income when they were in early education situations and later acquired it when they went to high school, they do not perform as well. The income is the variable. It is the same among whites who do not have the right income level that supports the right kind of nurturing environment at early ages. The same problem results in white families and with the white children as it does with the African American children.

Studies like these are sort of widely introduced into the academic stream, and there is not much said about it. There was a book put out called the Bell Curve, which was greatly celebrated, and the Bell Curve was out to demonstrate what scientists have generally disproven over the years, that there is definitely a correlation between IQ and achievement and race, and that black people, people of African decent, are inferior with respect to achievement and with respect to IQ. These studies will show you differently and show you that there is a factor of income and a factor of nurturing that goes with income and a factor of educational level that goes with income that has a great impact on how children achieve and on their IQ.

So, if you have a situation where for 232 years nothing was passed down, for 232 years there was no property, income was at a measly level, then the recent prosperity of African Americans in the middle class is not enough because they do not come from a tradition that was handed down that was nurtured where there was books, where there was wisdom passed all around the table by people who were already educated. There is a whole culture that comes with income at a certain level, and the culture was not there to nurture educational achievement and to nurture IQ.

So the youngster, the child, who is African American in a public school needs to know that there is a whole history back there you have no control over. There is a whole history where you were deprived of the opportunity to pass on assets and property, and for that reason, for that reason, it is not a great shame for the society to develop programs which are going to seek to compensate for those 232 years and the tradition that they failed to hand down for those 232 years and the property that they fail to hand down. Affirmative action compensatory education programs become vital if you are going to try to remedy the evils of 232 years.

Justice Clarence Thomas says no. All of a sudden, although he is the beneficiary of compensatory programs, all of a sudden they are programs that might make people too reliant or too dependent. He has benefited in many ways, but now he joins with a group of racists on the Supreme Court to interpret the 14th amendment to mean that you cannot take race into consideration in trying to foster programs which are seeking to remedy and to compensate for and to counteract 232 years of slavery, and 100 years after that, by the way, of very intensive pressure.

There is an article that appeared in the Washington Post this past Sunday by Lynn Cooper, and that article talked about slavery that existed long after the Civil War, after the Emancipation Proclamation and after the 13th, 14th, and 15th amendments, slavery that was permitted by governments in the South, slavery that never was sufficiently challenged by the National Government, the Federal Government. He talks in great detail. It is a long article this past Sunday, June 16, in the Washington Post Sunday Style section by Lynn Cooper. It gives concrete examples of what happened as the share cropper system and the peon system and various other systems developed, which endured for almost 100 years after the Emancipation Proclamation.

□ 2100

So all of these things become a part of what history should teach, and if it fails to teach, it denies a basic ingredient to the public discourse and the public dialogue which one day might get it all straight and be able to deal in a more intelligent way and a more sympathetic way and a way which is more in the national interest and than we are presently doing.

If you do not look at history and acknowledge the truths of history, you are going to make decisions which are going to be distorted and continue to warp the public discourse and the public decision-making process. We are in that period now. We are right now in a period where the Voting Rights Act is about to be struck down, and yet that is probably the one piece of legislation which is most crucial to the correction of the 235 years of criminal slavery and the aftermath of that slavery.

The Voting Rights Act does put, not only in the Congress but in the State legislatures and in the local councils and local governments, put in place people who represent the descendents of slaves and who will be able to take action on an ongoing basis to have a point of view which is going to help correct some of the numerous problems that still exist in our society as a result of those 235 years of slavery.

The church burnings are there because at the top the Supreme Court is saying, blacks, you have been too arrogant. Blacks, you have demanded too much. Blacks, you do not deserve special treatment. Blacks, you are taking away from other people. The Supreme Court sends down that message.

The Congress of the United States says, blacks, you do not deserve to have programs which provide aid to poor people. A large percentage of your people are poor, but that is a crime that you have committed, being poor. Being poor has nothing to do with 235 years of slavery. Being poor has nothing to do with schools that for a long time were not equal. They were separate but not equal, schools that right

now are still in horrible shape in our urban centers, where most black youngsters go to school All this has nothing to do with your condition. All this has nothing to do with the crime rate. All this has nothing to do with the high rate of blacks on welfare. Let us dismiss all of this. Let us not accept it as being there. It is not real.

In South Africa they have a truth commission. The truth commission has been appointed, not to get revenge, and not even to punish many people who are still living who committed gross and obvious crimes during the period when apartheid existed. They just want to tell the truth. They want to get it out. Nobody is going to be punished in many instances, but just tell the truth as to what is happening with the police and oppression, what is happening when people were put off their land by trickery and by various devices that were developed by the government. Tell the truth, no vengeance.

I said before on a couple of occasions here, especially in connection with Haiti, that reconciliation is more important than justice. Reconciliation sometimes is the only thing possible. You cannot get justice. In Haiti, they do not even have the resources to build jails and prisons for all the people who murdered people over a 3-year period after President Aristide was kicked out of Haiti. Five thousand people were killed, 5,000 people brutally murdered. Other people were tortured. All kinds of things happened.

But if they put their meager resources to work building prisons, trying to set up a court system, and paying attention only to getting justice, they would have nothing left over to build an economic system, to develop jobs and do other kinds of things that have to be done. They have to give up. There will be no justice. Reconciliation is what President Aristide is forced to preach.

It probably makes a lot of sense. The deep philosophy of Christianity, that vengeance belongs to God and turning the other cheek, a lot of things that have been ridiculed about the Christian religion, makes a lot of sense in the context where if you are in a situation where you do not have the capacity to get justice, then certainly life must go on and reconciliation becomes the only possibility.

I think Abraham Lincoln when he said malice towards none understood that very clearly; that to seek justice would have led to more chaos, guerrilla warfare, all kinds of confusion, but the malice towards none, and the fact that the Congress in the next 10 years proceeded to absolve all of the people who rebelled against the central government from any crimes, to give back property that had been threatened, all kinds of things were done to smooth it all out, going to an extreme. The malice towards none led to wiping out, taking a position of amnesia, that there was no crime committed. There were no crimes, there are no victims.

The 40 acres and a mule was promised by the Freedmens Bureau. The Freedmens Bureau was a social program, the very first social program the Federal Government ever financed. It probably had the shortest life, also. It endured for about 10 years a little less than 10 years. But the Freedmens Bureau was attached to the Union Army, and they at one point started experiments where slaves were given 40 acres and a mule in order to farm the land that had been owned by the Confederates, people who supported the Confederacy. That was an extensive measure that probably went to the extreme.

President Johnson wiped all that out with a decree, and Congress later on gave back all the lands. They went from one extreme of taking everything away from the southern plantation owners to giving everything back to them and making no provision for the slaves who had labored for 235 years for no compensation. So we went from one extreme to another, and then we went into a period of amnesia, wiping it all out and acting as if it does not exist, so much so that when the Confederate flag is flown now, people do not understand why the victims, the slaves or the descendants of slaves, should be upset in South Carolina.

Why should they care about the Confederate flag being flown? After all, brave men died. We do not want to trample on memories and deeds of the brave men who died under that flag, but we do not think you are acknowledging history properly if you insist those brave men's flag must fly over the State Capitol and be the flag that has to be honored by the victims who, in large numbers their descendants still exist.

In fact, South Carolina, the State where you have the most church burnings, also happens to be the State that had the largest slave population. There is a book called Slavery and Social Death by Orlando Patterson which breaks out the populations for slaves in this country during certain periods when they were counting, and it talks about the fact that each State had a certain percentage of the population that was a slave percentage.

There were times in America where certain States had more slaves than other States, and South Carolina probably was in the worst shape. South Carolina is the State which has the most church burnings. South Carolina is the State which has a Confederate flag flying. There has been a lot of controversy about it. The oppressive previous government of South Carolina before the Civil War, everybody has amnesia about that, does not want to acknowledge that. They were heroes, the flag must be flown.

In 1708, 57 percent of the population of South Carolina were slaves, according to the records that were offered in this very thorough book called ''Slavery and Social Death'' by Orlando Patterson, published in 1982 by Harvard University Press. If you would like to get it, it is in the Library of Congress, and I am sure it is in other libraries.

South Carolina in 1708 had 57 percent of its population that were slaves. In 1720, 64 percent of the population of South Carolina was slaves. In 1830, they still had 54 percent of the population who were slaves. In 1860, 57 percent of the population were slaves. These are official counts that the States themselves used, because each State benefited by properly counting its slaves, or sometimes maybe overcounting them, but they were willing to offer these figures, and they were verified to some extent by national census takers. In 1860, 5 years before the end of the Civil War, 57 percent of the people of South Carolina were slaves. More slaves existed there than other people.

This is significant because if we look at the other Southern States we find similar patterns where large percentages, and at one point Virginia had as much as 45 percent of the population who were slaves. Mississippi had 55 percent in 1810, and Louisiana had 51 percent in 1830; you know, populations of slaves greater than the other people, and yet all of these victims and their descendants are sort of not to be regarded in the present situation which exists where we want to ignore and forget about the existence of slavery.

What am I trying to say? It is kind of complicated, but what I am trying to say is that all these various items that I have talked about here relate. The burning of the black churches is a symptom of a disease that runs in the blood of America. Every now and then that disease breaks forth, and the boils and the canker sores show themselves. They will get worse if you do not take action.

We took action today to start reversing that, but the disease has to be dealt with. We are not dealing with the disease when we have Supreme Court decisions which strike down the Voting Rights Act. We are not dealing with the disease when we attack affirmative action. We are not dealing with the disease when we go after set-asides for Federal contracts. We are not dealing with the disease when we have extremist budget cuts which cut programs that benefit the descendants of slaves who live in big cities on a regular basis. The hostility shown by the Congress and its policies are aimed at that population.

We are not dealing with the disease in the blood of America. We are not dealing with the disease when we fail to teach history that at least tells the truth and states the facts so you would have a chance of getting at the truth. We are not dealing with the disease when we allow black children to accept a Supreme Court Justice like Clarence Thomas as a role model without challenging that. It was challenged, and that is part of what I want to talk about, because it all relates.

When Justice Thomas was invited to speak to an awards ceremony at a school in Prince Georges County by a

teacher, a school board member, once he heard about it, it happened to be a school in the district that he represented, once he heard about it, he challenged it. He said, given the fact that this is a predominantly black district, these are children who are black, they ought to know more about Clarence Thomas and the kinds of decisions that he is making, and we ought to have a way to communicate that if he is going to come to the school. An awards ceremony where he comes and makes a presentation and nobody has a chance to talk about him or he talk and answer any questions, so forth, that is not the appropriate arena for having a controversial figure like Clarence Thomas come and interact with black children.

I think this was a most appropriate challenge by Kenneth Johnson of the Prince Georges County Board of Education. I think Mr. Johnson was right in questioning. I do not think this was a matter of questioning free speech prerogatives of Mr. Thomas or the people who wanted to hear Mr. Thomas who were adults.

However, we always apply free speech differently when we are dealing with children. We do not allow free speech to predominate on our airways or in any arena, books. Nowhere do we say that free speech should be the order of the day when we are dealing with children. We make exceptions for children. If children should not see pornographic films, if children should not read pornographic passages in books, if children ought to be protected from pornography, if one of these days we are going to get around to properly protecting children from violence on the screen and violence in books and so forth, children are in a different category.

We do not protect adults. It is pretty clear. The Supreme Court says you do not have a right to apply those same standards to adults but you do have a right for children. So children should be protected against political fraud. They should be protected against the situation where they are asked to accept someone as a role model when that person is taking actions which directly are detrimental to them and their parents and to future generations.

How do you handle that? I think Mr. Thomas should clearly have been allowed to come to speak once he had been invited, but I think that the school board and the people responsible should have taken the responsibility of setting up an alternative forum of supporting Mr. Johnson and having it known exactly what Mr. Johnson was concerned about.

There is the bigger issue of how is Mr. Thomas going to be handled in the curriculum in the future. He can be handled in one way in the curriculum, and standardized curriculum across the whole country. You can handle it straight factually: He is a conservative, he is a man who turned his back on affirmative action that helped him, he is a man who is very hostile to policies and programs that promote opportunities for his own people, opportunities that are designed to correct the past injustices of slavery and discrimination and oppression. You could say factually that is the case.

But there should be an addendum to that curriculum in areas where black children are being taught. There should be clearly an opportunity to have a greater discussion of what that means. There should be a clear way to discuss the fact that large percentages of the black population have branded Justice Clarence Thomas as a traitor to his own people.

What does it mean to be a traitor? Benedict Arnold was a traitor. Everybody accepts that. Benedict Arnold was a traitor. I do not think that necessarily the British schoolchildren of that time would call Benedict Arnold a traitor. Benedict Arnold may be called a hero in England in the service of the king. Benedict Arnold might have been given some great justification for his actions. The king and the people who supported keeping the American colonies as part of the British Empire might have argued that Benedict Arnold was a champion of law and order, that the colonists had no right to rebel against the lawful government of England.

They could argue that, and make a case for it, and make him a hero in the schools for the children of the British back in England. clearly he was a traitor here, because we had already taken another course. Right and wrong had been defined by the Declaration of Independence.

□ 2115

Thomas Jefferson talked about certain inalienable rights. He talked about self-evident truths. He did not deal with the fine points of English law. If he had continued to try to negotiate with the King and negotiate with the British, we would still probably be a colony of England. But he called upon higher powers and declared that there are some self-evident truths, that there are some inalienable rights. There is a right and a wrong.

This Nation said when Abraham Lincoln was mourned and lifted up as one of the greatest Presidents of the United States, there is a right and a wrong. Abraham Lincoln who presided over the war against slavery, he represents the right. The whole civilized world looks to Abraham Lincoln as a person who was right in a controversy that some people want to still argue about. It was right to end slavery in America. It was right to go to war and have the bloodiest battle ever fought by Americans, fought on the soil of America, to get rid of that slavery.

America would be in a very different position if two nations existed, one slave and one free, at the time Hitler came to power. We might have had on our very continent allies for the kind of philosophy that Hitler was advocating.

All kinds of things could have happened if the rightness of Lincoln's position had not been enforced by a challenge to the Confederacy.

There is a right and a wrong internationally. Lincoln is a great hero. The Prime Minister of Czechoslovakia, the first Prime Minister after Communist rule was overthrown, visited the White House and Mrs. Bush, upon the occasion that the Congressional Black Caucus was visiting the White House, she explained that when he came into the room where Lincoln had stayed and where the Emancipation Proclamation was signed, he looked at the Emancipation Proclamation and he broke down in tears.

Here is a man from Czechoslovakia, a man who had been under Communist rules, had been in prison, his great idol was Abraham Lincoln, and the Emancipation Proclamation, which was a Presidential Executive order that set the slaves free, brought him to tears immediately.

So internationally, in the court of international morality and justice, Abraham Lincoln was right and the other folks were wrong. Slavery was wrong. We have made that decision. Our textbooks are to reflect it that way. We are to recognize that that is the national norm.

If slavery was wrong, then remedies to correct the aftermath of slavery, remedies to correct the residue of the criminal actions of slavery, they have to have some kind of validity. The Voting Rights Act has to have validity. The Constitution has to have interpretation and must not be distorted by a racist Supreme Court that refuses to recognize that race in the Constitution is mentioned.

We are mentioned several times, starting with article 1, where they talk about three-fifths of all other persons, they are clearly referring to slaves. Everybody knows the intent of the Constitution. Nobody has challenged the fact that three-fifths of all other persons means three-fifths, that each slave, male, should be counted as three-fifths of a person when you are counting the population of America. And they correct that when they get to the 13th and 14th amendment where they set free the slaves in the 13th amendment.

The 13th amendment states: Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction. That is the 13th amendment.

The 14th amendment, which is the subject of controversy, the 14th amendment which is being used by Sandra Day O'Connor and her colleagues on the Court as justification for calling for a colorblind America, the 14th amendment has section 1, section 2, section 3, section 4, and section 5, and

I want to submit for the RECORD, just to have people reminded, the whole 14th amendment.

Mr. Speaker, I submit for the RECORD the whole 14th amendment.

AMENDMENT XIV[1]

Section 1. All persons born or naturalized in the United States and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

Section 2. Representatives shall be apportioned among the several States according to their respective numbers, counting the whole number of persons in each State, excluding Indians not taxed. But when the right to vote at any election for the choice of electors for President and Vice President of the United States, Representatives in Congress, the Executive and Judicial officers of a State, or the members of the Legislature thereof, is denied to any of the male inhabitants of such State, being twenty-one years of age, and citizens of the United States, or in any way abridged, except for participation in rebellion, or other crime, the basis of representation therein shall be reduced in the proportion which the number of such male citizens shall bear to the whole number of male citizens twenty-one years of age in such State.

Section 3. No person shall be a Senator or Representative in Congress, or elector of President and Vice President, or hold any office, civil or military, under the United States, or under any State, who, having previously taken an oath, as a member of Congress, or as an officer of the United States, or as a member of any State legislature, or as an executive or judicial officer of any State, to support the Constitution of the United States, shall have engaged in insurrection or rebellion against the same, or given aid or comfort to the enemies thereof. But Congress may by a vote of two-thirds of each House, remove such disability.

Section 4. The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned. But neither the United States nor any State shall assume or pay any debt or obligation incurred in aid of insurrection or rebellion against the United States, or any claim for the loss or emancipation of any slave; but all such debts, obligations and claims shall be held illegal and void.

Section 5. The Congress shall have power to enforce, by appropriate legislation, the provisions of this article.

Section 1 states:

All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

Who are they talking about particularly, specifically? The 13th amendment that came before freed the slaves, but the 14th amendment is talking specifically about slaves, or people who were just freed from slavery, and the 14th amendment is there primarily to deal with the descendants of slaves.

To argue that it is there to promote a colorblind America is to distort the Constitution, to throw out any concern about what the Congress meant when they wrote this, what the States meant when they drafted it. We never do that on any other laws. We are always looking for the intent of the Framers, what the law says. All that is important. Why all of a sudden is it not important that the 14th amendment was drafted, written, ratified in response to correcting the ills of slavery, establishing the fact that these people who have just been set free shall also have equal right, equal protection under the law, these people are the people who were slaves and their descendants.

Section 2, this is in the same 14th amendment. If you want to challenge my contention that the 14th amendment is about slavery and correcting the ills of slavery, take a look in section 2, section 3 and section 4. Take a look at what they say. They are talking about situations which are related to correcting the upheaval, the situation that resulted as a result of rebellion against the United States.

In Section 2, I will not read it all, they state: ''But when the right to vote at any election for the choice of electors for President and Vice President of the United States, Representatives in Congress, the Executive and Judicial officers of a State, or the members of the Legislature thereof, is denied to any of the male inhabitants of such State, being 21 years of age, and citizens of the United States, or in any way abridged, except for participation in rebellion, or other crime, the basis of representation therein shall be reduced in the proportion which the number of such male citizens shall bear to the whole number'' except in rebellion, participation in rebellion.

When the 14th amendment was written, they still had rebellion of the Confederacy on their mind. Section 2 makes it clear that they had that in their mind.

I will read all of section 3:

No person shall be a Senator or Representative in Congress, or elector of President and Vice President, or hold any office, civil or military, under the United States, or under any State, who, having previously taken an oath, as a member of Congress, or as an officer of the United States, or as a member of any State legislature, or as an executive or judicial officer of any State, to support the Constitution of the United States, shall have engaged in insurrection or rebellion against the same, or given aid or comfort to the enemies thereof.

They were concerned about the carryover and what was left over from the situation of the Civil War which was fought to end slavery.

Section 4. The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned. But neither the United States nor any State shall assume or pay any debt or obligation incurred in aid of insurrection or rebellion against the United States, or any claim for the loss or emancipation of any slave; but all such debts, obligations and claims shall be held illegal and void.

The 14th amendment was not concerned and preoccupied with colorblind America. It was preoccupied with slavery, the Civil War, the aftermath of the Civil War, with dealing with people who had rebelled against the Federal Government. I offer this in the hope that somebody would go back and reread it, and especially the Supreme Court Justices who dwell on one section and refuse to accept the 14th amendment in its total context. It is distorted and twisted.

Kenneth Johnson did a great service when he pointed out that Justice Thomas is a part of this process of distorting the 14th amendment in what results in a racist series of decisions by the Court to roll back the clock and end various constructive kinds of things that have gone forth as a result of interpreting the 14th amendment in the proper way and understanding that the 14th amendment was the chance to deal with the problem of slavery in the proper context.

Mr. Speaker, I was going to also give an example of how a recent book by Daniel Gohagen called ''Hitler's Willing Executioners'' confirms the kind of situation I am talking about where if you fail to deal with underlying prejudices and hostilities in a society, it will blossom forth in a diseased way and sometimes it will get out of control. Certainly, if the central government and leaders of government condone it and encourage it, it gets out of control.

I would like to end my remarks by saying, by taking actions against the church burnings in a forceful way today, we have shown that the leaders of this central government will take firm action against such activities and elementary and rudimentary efforts have been taken to stamp out this disease. We need to go further and try to get to the root causes.

PROTECTING AMERICA'S PATENTS

The SPEAKER pro tempore (Mr. FOX of Pennsylvania). Under the Speaker's announced policy of May 12, 1995, the gentleman from California [Mr. ROHRABACHER] is recognized for 60 minutes.

Mr. ROHRABACHER. Mr. Speaker, I agree that we voted today to get to the root causes and to condemn the hatred that resulted in the warped mind that resulted in the burning of black churches in America, or synagogues or any other kind of churches, that this is not something we can tolerate in America.

But let us say the root causes of that type of bigotry are found in the same type of actions that try to limit people's right to speak because they disagree with you. They feel you have a

[1] The Fourteenth Amendment was ratified July 9, 1868.

right to prevent someone from speaking, whether at a high school graduation or a college graduation. Discourtesy is one step away from tyranny, and I have seen that throughout my life.

Clarence Thomas is a man of extraordinary courage, honor, and intelligence. He has stood up against a liberal political machine that he knew would try to destroy him personally rather than debate his ideas. It is tragic that this mean-spirited attack continues on Justice Thomas. He deserves the respect of America and at the very least he deserves to be treated courteously. Unfortunately, many liberals do not know what the meaning of courtesy is.

With that, let me say that one thing about America is that we have diverse values. This is something we rejoice in. We are a land of diversity. People cannot say it enough. This is a blessed land. Yes, it has faults, many faults. We will work together as Americans who love freedom to try to fix those faults.

That is the way it has been since our founding. We had a lot of faults back then. While I am grateful to our Founding Fathers and our founding mothers, I do not idealize them as being perfect. But in those days 200 years ago, they did have a dream and they did give us something to work with, and we have built a great Nation. They began that great Nation and expect us to try to perfect it.

Our Nation was founded not by Puritans alone—Puritans played a role in it—but also by malcontents, nonconformists, individualists, pathfinders, free thinkers, explorers, developers, people who were fiercely independent and lovers of freedom. Yes, there were also slaves that were brought here against their will, and we tried to correct that which was a major blot on America's soul.

They were an optimistic lot, those Americans of 100 and 200 years ago, firmly believing that with liberty and technology, ours would be a shining city on a hill, a beacon of hope for all mankind, where our problems and our faults would be corrected but where the common man, even then, through hard work and responsible behavior could raise a family in decency, and all would have an opportunity to improve themselves and build a Nation as they did.

This may sound like hyperbole but it is not hyperbole. Yes, we had faults, let us admit it. But the fact is we also had dreams. Those who founded our country were dreamers. They could see fields that would feed a hungry world and factories that would raise the standard of living of working people, and in times of great peril would become an arsenal for democracy to which freedom-loving people of the world could turn for salvation.

They knew America would succeed. The fundamentals were here. Freedom, guaranteed rights for all people. Yes, in the beginning it was not all people. Today we have not totally reached that dream but that is what we are trying to do. Here was also this richness of diversity that would make America unique among the nations.

□ 2130

Our new country would not be held together by a common culture or common race or common religion. No, it would be a love of liberty that would unite us and a commitment to the principles of liberty and justice that would hold us together. One thing else gave them an unbridled positive view toward the future. They believed that technology would lift the standard of all human beings with the production of new wealth.

America would not be about dividing wealth, it would be about building, planting, engineering, and creating new wealth. After all, we were the most undeveloped country of the world at that time. Thomas Jefferson's home in Monticello is filled with his personal inventions, inventions of little technologies that he know would help lift some of the burden right there on his own farm and, if emulated, lift the burden elsewhere throughout the country.

Ben Franklin was not just the grand old man of the American revolution. He was an internationally acclaimed technologist, having invented the potbellied stove, bifocals and having experimented with electricity. I do not even know if children these days, when they read their history books, know about Benjamin Franklin and his technological endeavors. They might not even know about Ben Franklin, for all I know.

Well, it is no coincidence that our Founding Fathers wrote into our Constitution a mandate for the establishment of a national Patent Office where any person could register an invention and would have a guaranteed property right to ownership of that innovation for a specific number of years. This was to ensure that inventors and investors would have an incentive to create the means to solve problems and to uplift the standard of living of our people. The guaranteed patent term works. America had the strongest patent laws in the world and our people reaped an unimaginable reward.

It was no mistake that it was here that Robert Fulton created the steamboat. How many people know that the steam engine was created long before Robert Fulton? In fact, in ancient Greece, there was a steam engine, but they did not believe the common person should have burdens lifted off of his shoulder, and in fact a steam engine had been put on a boat crossing the Rhine River much earlier but the boatmen gathered round and the boatman's guild forced that steam engine off the boat. But here Robert Fulton was able to put that steam engine on a boat and able to patent that concept and to create a piece of equipment that would change the world and uplift the standard of living of mankind.

What about Eli Whitney's cotton gin, which created enough clothing for people to wear and brought down the price of clothing, or Cyrus McCormick's reaper, or Thomas Edison's electric light bulb, or Sam Morse's telegraph, or Alexander Graham Bell's telephone, things that changed the world forever. Where were they created? Where were they invented? Right her in the United States.

In the late 1880's, it was seriously suggested, in fact, because our people had been so creative and created so much that the Patent Office be shut down because, ''Everything that can be invented has been invented.'' At that very moment, two working men, brothers who owned a modest bicycle repair shop, were working on a machine that would lift mankind into the heavens.

Mr. Speaker, the Wright brothers demonstrated the indomitable spirit, what was hailed as exemplary, as the best of our country. Yet these two people were basically on their own. They had some investors. They were not men of education or wealth. They were ordinary working people who changed the lives of every person on this planet.

So why has it been America? Why was it that those two individuals were able to succeed? Certainly not our race because we have many different races and ethnic backgrounds. It certainly was not our religion. We have many religions. It is not our great universities. The Wright brothers never went to college, although I will have to admit our educational institutions certainly have helped this. The genius, the unparalleled inventiveness of our people can be found in the fact that our laws have protected inventors.

We have had the most stringent and all-encompassing patent laws and patent protection of any country of the world. Our laws have fostered private investment in innovation. The mainspring of America's progress can be found, above all else, in the guaranteed patent term and the honest enforcement of our laws, so that inventors knew their rights would he recognized and protected, investors knew they would be permitted to reap a reward for risking their money they invested in unproven technology.

One of the lesser known inventors in America, a man who had tremendous impact on the living of our people, was a man named Jan Matzeliger. He came from the humblest of beginnings and for years he was eating corn mush and just barely surviving. Because he was an American of Color, a black American, he suffered unforgivable discrimination, turned away even from churches where he sought to worship God. As he labored in a shoe company, strenuously stretching, cutting and stitching, he visualized a machine that would revolutionize production. With little education, he wrote and traced his idea for a complicated piece of equipment.

Living in poverty, he found a couple of old cigar boxes and strings to simulate a working model, and although he

had no status, no credentials and certainly no collateral, he caught the ear and the eye of two investors who bankrolled his venture for a hefty share of the profit. On March 20, 1883, a patent was issued by the U.S. Patent Office.

Within a few years, Matzeliger's ''lasting machine'' is what it is called, ''lasting machine'' was standard equipment for shoe manufacturing. The price of shoes began to drop as the average worker, instead of putting out one or two pairs an hours, could put out 50 pairs an hour. The price of shoes was cut by 50 percent. Untold millions of people benefited from Matzeliger's invention. For Matzeliger and his investors, they had the guaranteed patent term of 17 years in which to reap the rewards of an innovation that had uplifted ordinary people. Matzeliger lived a fruitful life and a full life. When he died, he left a considerable sum of money to the churches of his community. But it was stipulated in his will that none of the money should go to any church that turned him away because of the color of his skin.

America should have respected all the rights of all of its citizens, but even in that great time of discrimination, the rights of technological ownership, through the patent law, was so ingrained in our people that the patent rights of black Americans and people of color were protected. This commitment served our Nation well.

Now, I am not saying that all of the patent rights and all the property rights of black Americans were protected because they obviously were not. But obviously they were protected to the point where this black American was able to benefit greatly from his invention. America went on and basically the history of our country can be seen in the development of these new technologies. We went from a desolate frontier to a powerhouse of freedom and opportunity. There were those who see the fundamental changes in America, and they are trying to affect what we do in America and they believe in America. But sometimes people who are trying to affect the course of our history are not so up front about their goals for our country.

One of the things Bill Clinton did after becoming President, one of the first things he did was to send Bruce Lehman, his appointee, to head America's Patent Office to Japan. Now, is that not funny? Right after getting elected, he appoints someone to head the Patent Office and immediately sends him to Japan. There, Bruce Lehman, the new head of our Patent Office, concluded a hushed agreement to harmonize America's patent law to that of Japan's.

Now, we got almost nothing in exchange for the changes, for exchange for our changes. We got almost nothing in exchange in the sense that the Japanese law did not change almost anything. In fact, there were just a few anemic restrictions that were placed on Japanese corporate interferences and that is about it. But we, on the other hand, changed and agreed to totally harmonize our patent law with that of Japan. Now that may sound really strange to the American people. It may sound really strange to our colleagues that someone goes overseas and makes an agreement to change the basic law of our land, which has been in place since the founding of our Constitution, and make it mirror that of a foreign country.

We did that in exchange for some little anemic change in the Japanese law. By the way, that promise may be very similar to Japan's promises to open their markets. Decades ago, Japan promised us they would open their markets, and basically they promised and they promised and they promised. Yet decades later, we still are having trouble getting our goods into the Japanese market. Perhaps this even weak little thing that they gave us in exchange for totally changing our patent law, maybe they will treat that the same way as nothing more than scribbling on a piece of paper. In the meantime, Bruce Lehman and multinational corporations, are doing their God-awful best to change our patent law, our fundamental patent law. They made the agreement with the Japanese to do it.

Mr. Speaker, now they are coming here with legislation to the Congress to fulfill their promises to change or law and make it like the Japanese law. Well, they tried to do it as quickly as possible and as quietly as possible. Step No. 1 was eliminating that guaranteed patent term of 17 years. This has been a right of Americans for American inventors and American investors for 134 years; before that, it was a guaranteed patent term of 14 years. But it was always a guaranteed patent term. No matter how long it took you to get your patent issued, once you had applied, if it took them 10 years to get it issued, you would still have 17 years of guaranteed protection.

Well, trying to keep this downgrading of American patent rights quiet while, instead of coming to Congress originally with the very first attack on the patent system, and that is the legislation of changing our patent laws, a provision was snuck into the implementing legislation for the General Agreement on Trade and Tariff. Now that may sound odd as well. But you see, if you put something in that implementing legislation for the GATT Agreement, Congress was only able to vote up or down on this one omnibus bill. No amendments were allowed. Thus, a Member of Congress would be forced to vote against the entire world trading system in order to vote against changing our patent law.

Many Members of Congress had no idea that they put this into there because this was total, the tactic was a total betrayal because we were told that the only things that would be put into the GATT implementation legislation was that which was required by GATT itself. It was a betrayal on our citizens. The Members of Congress should understand that that indicates some foul play is going on. GATT again did not require the eliminating of the guaranteed patent term, so it should never have been put in there in the first place.

Well, I created a stir when I found out that in the GATT implementation legislation was this unnecessary or unrequired provision, something that would dramatically change our laws, and so that was 1½ years ago. I was promised that there would be a chance to correct this part of the implementing legislation, that eventually on the floor we would get our chance to change this.

Well, changes in the patent term of course are not easy to understand. Those people who are trying to fundamentally change how our Government has acted and what or fundamental laws are on the patent term know that this is a difficult issue for people to understand. They are relying on that ignorance, on that inability of Americans to focus on the intricacies of these kind of laws in order to do us in and to bring down America as the No. 1 leading economic power in the world.

Traditionally, when an American inventor or investor has filed for a patent, no matter how long it took, remember this was the traditional law, the Patent Office could take as long as they wanted, and many of the major patents take 5, 10, even 15 years. But once it was issued, there was a guaranteed patent term of 17 years to reap the benefits of new technology. Foreigners or anybody else would use that technology who have to pay royalties to those people who invented the new technologies. Again, it was their right to a guaranteed patent term of 17 years, and up until 1½ years ago, when that provision was snuck into GATT and the first move to harmonize our system with Japan's was put in place. During the time before, and this is before this change, when the patent was issued, everyone was secure in knowing they would have that 17 years of full benefit.

This system not only encouraged inventors but it encouraged investors. Thus private dollars by the billions have been allocated in our society for developing new technologies. Matzeliger's two investors knew that, no matter how long it took him to get that patent, that, once he got it, they all would benefit from this invention because they would have a guaranteed patent term of 17 years. We did not rely on Government bureaucracy. We relied on private investors. We did not rely on taxes by the Federal Government. We relief on innovation through the private sector because we gave people an incentive to invest by guaranteeing a patent term.

□ 2145

We relied on freedom and the profit motive. Well, the new system, which is

nothing more than the Japanese system superimposed on us, is much different, though again it is very hard to understand the significance of these changes and these differences.

Under the new code, and that is under the code that was put in under this GATT implementation legislation, the day that an inventor fights for a patent, that day 20 years later he has no more rights, he or she has no more rights to that patent and to that technology. Twenty years later, and the time is up.

If it takes 10 years, and, by the way, this is the system now in place that replaced the old system, if it takes 10 years for a patent to be issued because the bureaucracy is slow or outsiders are trying to slow down the process, in the past the investor still had the guaranteed patent term of 17 years, even if it took 10 years to issue. Under this new system, after 10 years one-half of the investor's patent term has been eaten up. He or she only has 10 years left. In other words, the clock is ticking against the inventor, against the innovator, and not against the bureaucracy.

Now, anyone who has studied the process knows that it is not unusual for breakthrough technologies, that is the innovations that change the world, these are the innovations that we as Americans always invented, that the innovations that produce the tens of billions of dollars of new wealth often take from 5, 10, and even 15 years for a patent to issue.

For example, the laser took 21 years before the patent was granted. That means under the new system, the inventor of the laser would have received no benefit, zero benefit, from his invention, and the investors in that project would have reaped no benefits. The microprocessor took 17 years. The microprocessor took 17 years. Under the old system, once it was issued that man had 17 years of patent term left. Under the new system, he would have 3 years left.

Polypropylene, the plastic they make in which they use to store milk and other containers, took 33 years before the inventor received the patent. He would have had absolutely no patent protection, and in fact would have probably died a dissolute person knowing that his invention had been stolen from him.

Now, what does this all mean when the clock is ticking against the inventor? It means the bureaucracy and special interests, not only domestic interests, but foreign interests as well, have leverage on the inventor. During negotiations, which are part of the patent process when someone is looking to get a patent granted, he has to go through these negotiations, the inventor, if the clock is ticking against him, he can be ground down, because he will or she is vulnerable. If a patent can be delayed and the time shortened, what does that mean? Well, it means all those royalties that were once going into the bank account, if you can shorten the time period that the person actually holds that patent, because now you elongated the process and he only has that 20 years, and it is ticking against him, all those royalties that were going into the bank account of American inventors, because they have that 17 guaranteed years, now they do not have it. All that money that used to be flowing into their bank accounts is now rerouted into the account of huge foreign and domestic and multinational corporations.

To claim stolen royalties, of course, someone is eventually issued a patent. An individual must pay lawyers and legal specialists to go to court. Get the picture? The little American inventor going to Samsung or going to Mitsubishi or going to Sony and trying to beat them in court, especially in a Japanese court? The little guy in our country gets ground down. The Wright Brothers, had that law been in place, would be smashed by the Mitsubishis of the world.

Now, get that. The Wright Brothers, the equivalent of a Wright brother today, beaten down by Mitsubishi, and we end up in the years ahead with the Japanese building all of the major airplanes flown all around the world, and Japanese aircraft workers living at a higher standard of living, and our aerospace engineers living in poverty.

This system which our Patent Commissioner Bruce Lehman wants to emulate, he wants American law to be like the Japanese, has ill-served the Japanese people. It might have helped some of these big corporations and those people who run the corporations, but little, if any, innovation is born in Japan. Few, if any, inventions are started there. The Japanese are rightfully known as copiers and improvers, not inventors nor innovators. Their laws, which Bruce Lehman wants America to emulate, have permitted powerful business conglomerates to run rough-shod over their people. They have beaten down anyone who raises his or her head.

As far as technological development, in Japan an inventor who applies for a significant patent is immediately confronted with hostile interferences with the process. Pressures, official and unofficial, are applied to beat down the applicant so that by the time the patent is issued it is a hollow shell. The rewards are limited.

However, the rewards are great for some people in Japan. Yeah, the big guys, the giant corporations envelop the innovation and pay little, if anything, in royalties for the benefit they receive, or should we say steal. It is the difference between a society based on individual freedom versus collectivist egalitarianism. During the patent debate that we have been having here over the last year, Bruce Lehman, the head of the American Patent Office, constantly claimed the purpose of a strong patent law is to facilitate the dissemination of information to the society as a whole. That is the ultimate in antifreedom, collectivist freedom, and has nothing to do with what our Founding Fathers had in mind.

In our country, the rights of the individual are paramount. These patent laws were meant to protect individuals' property rights over the rights of necessarily some huge interest group claiming to speak for the benefit of society as a whole.

We basically believe the individual has the right to own his or her prompt and especially if it is his or her own creation. That is what our Founding Fathers did when they put the Patent Office into our Constitution. Our respect for the property rights of the small farmer and the individual businessman is based on an understanding that by protecting the rights of the little guy, especially the property rights, all of us are going to benefit in the long run.

We believe it is through individual endeavors and personal responsibility that someone prospers, and when a population of individuals acts in that way, the society prospers. Lehman's approach treats individuals as secondary and in a collectivist whole, who if they insist on their rights for themselves, must and will be crushed.

Of course those trying to challenge our system will never admit this. Those trying to change the fundamental patent law will never believe that is what is really guiding them and that is their philosophical premise.

A change is coming, not as part of a major debate, basically a major debate in our whole democratic process. That is not the way the change in our society and patent rights for future technology is happening. Instead, it is happening by subterfuge, sneaking provisions into treaty legislation or an omnibus bill so that the evil that is taking place will be hard to understand and the actual changes will be obscured by all the rest of the things in the bill.

When one can force the advocates who are trying to press these patent changes, when we force them to engage, they claim that their goal is not to destroy America's traditional patent system. That is not what we are trying to do, they say, no. Instead, they are trying to solve a new problem that has been plaguing American business, and that is this problem that basically is enriching inventors. They say these inventors are being enriched, and these inventors are the ones manipulating and gaming the patent system so that by the time that a 17-year patent term is actually granted to someone, that they have actually more time to collect on the other side of their patent.

What they throw up as an excuse for changing the fundamentals and eliminating the right of Americans to a 17-year guaranteed patent term is something we call the submarine patent. Well, that is what they say. You people are gaming the system.

Certainly, that is true. A few, a very few self-serving inventors have been

able to elongate the process in which their patent application is being considered, thus putting off the issuing date, which means that the 17 years of patent protection which they are guaranteed end a little bit later rather than a little bit sooner. Of course, they are not getting the protection up front as well during that time period.

Some inventors enjoy royalty benefits then in the outer years, and if they had not gamed the system they would not be receiving the same benefits in the outer years of their 17-year guaranteed patent time, because their patent would have expired.

Well, making things worse, according to the other side, if the system is gamed for a number of years, let us say somebody is able to game the system for 10 years to prevent their patent from being issued. Other companies may come up with the same idea and those companies must now, because the other person has already applied for their patent, those other companies must pay royalties to the submarine patenter when he comes to the surface and gets his patent. Because a patent application is secret until the patent is issued, the other companies did not even know they were going to have to pay royalties for using this innovation.

Thus, it is a ripoff and unfair. That is the argument on the other side.

Submarine patents, however, may or may not be the problem. Whatever. That some people game the process, well, that could be true, but that is no excuse for eliminating the guaranteed patent term of the American people. That is like saying if someone abuses the right of freedom of speech, that we can come in and destroy people's right for freedom of speech. Or someone abuses a religious freedom, we just eliminate the religious freedom guaranteed our people.

Let us remember this: The vast majority of all patent applicants, and I am talking about more than 99 percent, are doing everything in their power that they can possibly do to get their patent issued as soon as possible. They beg, they plead, please, issue the patent, because they will not receive any benefits until it is issued.

By the way, those people who are gaming the system to elongate the process, some new invention might come along that makes their invention obsolete and they are taking that chance. That is why almost all inventors, nearly all inventors, do everything they can to get the patent issued right away. As you know, this new innovation could leave them behind, whether they are submariners or people trying to get through the process and the bureaucracy is not issuing the patent.

A few submarine patents do represent a minuscule part of the system and have been a problem. So this problem can be dealt with by reforming the process, not by eliminating the guaranteed rights of all Americans.

My bill, in fact, H.R. 359, which will be on the floor as a substitute to the Steal American Technologies Act, H.R. 3460, includes a provision to publish any application of an inventor who uses a continuance to intentionally delay the process. Over and over again, in the year and a half that I pushed on this issue, I have offered to put into law anything that would curb submarine patenting, which some people claim is a big problem and I am saying it is a minuscule problem, but I will do anything, put it in my bill, just so long as the change does not eliminate the guaranteed patent term.

Let us have it flagged. If someone is delaying it, let us try to change it by getting administrative change. Let us make sure that if someone is delaying the process, it goes to a special board to make sure they cannot delay it.

But the other side would have no compromise. They would not agree to any changes, except eliminate the guaranteed patent term. Why? Because that is what is in the Japanese law. In order to harmonize Japanese law, that is what we had to do.

So, what was their motive if they were not going to change the law? It might have been they wanted to harmonize our law with Japan, and submarine patent, well, maybe that was just something used as an excuse or perhaps they were really upset about it. But whatever it is, let us say this: That if someone tells you that they are concerned about your health and you are complaining to a doctor, you have trusted yourself to someone to make a medical decision for you, and have a hangnail on your foot, if that doctor insists on cutting your leg off in order to correct that problem with your hangnail, you better get a new doctor.

□ 2200

And that is what they are proposing here. We have a submarine patent problem that affects a minuscule number of people, so we are going to destroy the patent rights of all of the American people to a guaranteed patent right.

Well, that makes no sense. And if a doctor tried to tell me, well, no, I am really concerned; I am concerned about your health, and that is why we are going to cut the leg off. And when I say, well, do you not want to clip my toenail off rather than cut my whole leg off? No, no, we will cut the leg off, then you will not have any more hangnails. You should say wait a minute. Maybe you better think twice about that person's motives when he is trying to sell that kind of logic.

Let me note that this change we are talking about which they implemented in the GATT implementation legislation was the first crucial step in harmonizing our patent laws to those of Japan, and that is what I assume is the real goal of this legislation of H.R. 3460, which will be coming, and the real purpose of these people's activities.

Let us note this push for the harmonization with Japanese law started long before anyone ever heard of the term submarine patent. This has been going on for 10 years now, and yet no one ever heard of submarine patents all those years ago. Those words were not even part of the patent lexicon when the attempt was made to dismantle America's patent system and harmonize it with Japan so long ago.

During the debate over patent law, Mr. LEHMAN has used the bogeyman of the submarine patents; yet when we have checked his figures, we found many of the so-called submarine patents he has spotlighted are not issued and published. Why? Yes, there are some patents that have not been published and not been issued for a long time. Do you know why? Almost all of them, not almost all but a huge portion of them are defense-related technologies.

Yes, the figures Mr. LEHMAN has given trying to say these are submarine patents, a lot have been not issued because they deal with sensitive defense technologies we did not want the world to know about. But, again, if it is a problem in terms of having people game the system and delaying the application, we can handle it with basically administrative reforms, rather than totally obliterating the system and eliminating the guaranteed patent term.

My bill, H.R. 359, would reinstate the guaranteed patent term of 17 years and facilitate any action against the manipulation of the system. Then, by mandating the publication of applications of people who are intentionally delaying the system, we could prevent them from delaying the system and having a submarine patent.

I am offering this as a substitute for H.R. 3460, which is a patent bill designed basically to complete the destruction of our current patent protection system. And basically this whole maneuver to destroy our patent system and replace it with the Japanese started, step one, with the GATT implementation legislation.

H.R. 3460 is step two, and better than anything else it demonstrates what is really going on. This one is easy to understand. It is understandable to the point that it unmasks the goals of the very powerful international as well as domestic forces that are at work trying to change our patent system.

H.R. 3460, which I call the Steal American Technologies Act, is officially called the Moorhead-Schroeder Patent Act, is a package that obscures the mind-boggling provisions that it claims by lumping it together with other things, but not enough to obscure the real facts.

One of the provisions introduced in this bill was introduced last year under a bill that was entitled the Patent Application Publications Act. Now this bill is part of 3460, the Patent Application Publication Act, that was really a title people could understand. Basically, it is early publication of patent applications. People can understand what those words mean. The title is

too self-explanatory, so that is why basically they changed it to the Moorhead-Schroeder Patent Act.

The provisions of this bill, now get into this, because everybody can understand what is going on when they hear this, this bill mandates that after 18 months every American patent application, that is every application of our innovators and our creators, when they apply, all this was always kept secret until the patent was issued in the past. Well, now it is mandated that every one of those applications, whether or not a patent has been issued, will be published for the world to see.

Every thief, every brigand, every pirate, every multinational corporation, every Asian copycat will be handed the details of every application to our patent office. Our newest and most creative ideas will be outlined for them, even before the patent is issued to the American inventor. It is an invitation for every thief in the world to steal American technology. Lines will form at copy machines and fax machines to get this information out to America's worst enemies and our fiercest competitors.

H.R. 3460 is entitled, as I say, the Moorhead-Schroeder Patent Act. Again, the provisions that we are talking about, it is almost mind-boggling that someone could, without shame, promote this on the floor of the House.

The authors of this bill suggest that we should not worry about if domestic, foreign, and multilateral corporations steal the new ideas. The patent applicant, once he gets the patent issued, which may be 5 or 10 years down the road, they can sue the new applicant, can sue the pirates once he has been issued that patent. The price tag on a simple infringement suit begins at one quarter of a million dollars.

Boy, that makes you feel good, does it not? The average American is now going to be up against Sony, Mitsubishi, Honda, you name it, every company in Japan, and you might even have to go to court in Japan or China or Thailand, or anywhere else, in order to fight them. And you have to pay your legal bills and they have got the profit from your technology already to use as the basis to beat you in court.

As this bill was being passed through the subcommittee, this bill already passed the subcommittee and the committee, I was in my office talking to the president of a medium-sized solar energy company in Ohio. And when I asked what would happen if this provision became law, he clenched his fist and angrily predicted that his Asian competitors would be manufacturing his new technologies before his patent was issued; that they would then use the profit from selling his new technology to defeat any court challenge and destroy his company in the process.

His overseas competitors would have the further advantage, get into this, of never having to pay for the research and development of that new product in the first place. The Americans flip the bill, they use it, they develop the technology, profit from it, and they beat us in court with money that we have had to pay to develop the technology in the first place.

This is a nightmare and it faces every American small and medium-sized company. Anyone who cannot afford a stable of expensive lawyers is at the mercy of the worst thieves in the world. Of course, the big guys and the huge corporations are backing this change in our law because they want to globalize the world trading system, even if it means diminishing the rights of the American people.

Those big guys, they have the contacts overseas to make sure their products are not being stolen, and of course they have the money to spend on lawyers to deter such thievery. But for the little guys, it is open season.

Of course, we must do this. You have to remember, now, the reason we are doing this is to prevent the evil submarines, these evil submarine patenters who might elongate their patent by a couple of years. We have to make everybody in this country, we have to make them vulnerable to the worst thieves in the world because there are a few people who might want to elongate their patent protection for a few years by gaming the system in a submarine patent.

Yes, I am sure that is really what it is all about. This provision is another part of harmonizing our patent law with Japan, and that is what this is really all about. It is not about submarines. That is baloney.

Another provision of H.R. 3460 is, hold on to your hats because here is another provision, it is the abolition of the U.S. patent office. It is in our constitution and it has played a vital role in protecting the American people and the rights of the American people for all of these years. Yet now, H.R. 3460, the Steal American Technologies Act, will separate it from the Government, limiting congressional oversight.

Now it is part of our Government, so Congress has a right to investigate. It will limit congressional oversight. H.R. 3460, the Moorhead-Schroeder Act, will make the patent office into a Government corporation, sort of like the post office.

Now, I am in favor of privatization of services that our Government need not provide. Corporatization of a core function of Government, however, is a terrible idea. Something that the Government should do? Should we privatize all the judges in our country? Basically, we are trying to corporatize and take out of the Government's sphere the job of protecting the intellectual property rights of our people. This has been a core function of our Government since 1784.

Along with corporatization, by the way, what comes with that? That is the stripping of our patent examiners. They do not have any oversight by Congress, or very little, and then they will strip these patent examiners of their civil service protection. This opens up all of these people to outside pressures and influences.

These are the individuals, these patent examiners, who work really hard. They are trying to make determinations, basically quasi-legal decisions, to determine who owns what. Well, taking away their civil service protection is like stripping the robes off a judge. It opens the door to corruption of the entire process. And if the patent office is corporatized, the head of the patent office, guess who it is, Bruce Lehman, Mr. Harmonizer of our laws with Japan, can make the changes that he and the board of directors want to make, with very limited congressional scrutiny, of course.

In the coming era, when technology and creativity will be more important than ever to determine America's future, we are, through H.R. 3460, decoupling the protection of patent rights from our Government, cutting it off from congressional oversight and leaving our people in the hands of an autonomous board of unelected officials. Who will be on that board? Unelected officials representing Lord knows what special interests will be represented on that board. Foreign and domestic special interests. These people will be making determinations as to who owns America's technology; basically determining our well-being in the future, which depends on America's leadership in technology.

The Steal American Technologies Act, H.R. 3460, which will be coming to a vote here in Congress next week, must be defeated. And my substitute, the Rohrabacher substitute, should take its place, which is basically the Patent Restoration Act. That is the choice our Members of Congress will have, H.R. 3460, the Moorhead-Schroeder Patent Bill or the Rohrabacher substitute.

One might ask why has a bill as obviously detrimental to America's interest gone so far as it has? First and foremost our big businesses have been bought off, or they have bought off, excuse me, on the idea of globalizing the world economy and harmonizing our patent rights as part of that deal of creating this new global economy, basically, even if our foreign competitors renege later.

We are going to make sure we make these deals now to create the global economy, even if our competitors renege on the deals they are making right now. So we are going to change the law now, the patent law and other things, to create the global marketplace, and that is going to be a sign of good faith so that these foreigners that are making deals with us for our global economy will not go back on their word.

Huge foreign and domestic and multinational corporations have been visiting individual Members and lobbying hard, spending loads of money, buying their influence peddlers around town.

And sometimes those influence peddlers look just like former Members of Congress, interestingly enough. And that is a big factor of why this thing is sliding through Congress.

Second, the Members of Congress hear from the biggest companies in their district, and it makes a difference if the biggest company in your district comes to you. You do not say, well, you do not represent the interest of the people as a whole; you do not even represent the interest of our employees. They do not say that. They listen to what that big boss in that company has to say.

These big company executives with the dreams of a global market dancing through their corporate heads basically have no, absolutely no commitment to the rights and the well-being of the American people because they are secondary to this great dream. If somebody has a dream to renew the world, watch out, brother. Whether it is a Communist or anybody else, if they are going to redo and make this world into a nirvana, watch out.

In this case they are going to create a new global marketplace, and in the process, what is going to happen? If in order to accomplish this they have to cut deals to bring down the rights and standard of living of the American people, so he is equal to other people's rights, well, they are willing to do it. We cannot allow that to happen.

Finally, there is another factor. Two Members of Congress pushing H.R. 3460, the Steal American Technologies Act, these two Members are retiring from Congress. Mr. MOORHEAD and Mrs. SCHROEDER are asking Members to support their bill because it is their swan song. CARLOS MOORHEAD has worked long and hard here and he is a good man. Mrs. SCHROEDER has worked long and hard, and I am sure many people agree with her basic philosophy. Well, they are asking others to basically, well, even if you do not agree with us, vote for it because it is our swan song. Do it as a favor to us, as a tribute to our many years of service.

□ 2215

That is true. They want people to vote in that way to do them a favor, voting for legislation that will determine America's economic competitiveness and the standard of living of our people for decades to come.

After the subcommittee markup of this bill, most of the Members I spoke to did not even know that H.R. 3460 mandates the publication of all patents issued or not, whether those patents have been issued or not after 18 months. They did not know that the bill obliterates the patent office and corporatizes it, stripping away any Civil Service protection from the patent examiners and limiting congressional oversight.

The people on the committees did not even know this. I talked to them and they were oblivious to it. They knew they were giving CARLOS MOORHEAD and PAT SCHROEDER their swan song, the last big piece of legislation that they wanted. We cannot permit this unsavory tactic to succeed, as much as we all admire in our respective parties CARLOS MOORHEAD and PAT SCHROEDER, and we do admire them, they have worked long and hard here for the things they believe in, the votes on this issue are as vital to America's futures as anything I can—I have never seen anything that is more important than this coming through this body.

We cannot vote on something so important to America's future as a part of a tribute to someone in their last year of office. If they want a swan song, give them a commemorative coin, but do not destroy America's technological advantage. The swan song argument is nothing less than no argument at all. They have not been arguing at all. They have been using the pressure of huge corporations who have no loyalty to the well-being of the American people and no loyalty to the values that we talk about overseas.

This battle will determine, this battle that we are in will determine if America remains the number one technological power in the world, and these huge corporations are in talking to every Member of Congress. The only argument that the authors of this are giving is, please pay us a tribute. They are going to, one way or the other, Members are getting hammered on this. This is the ultimate, when we really look at it, the ultimate little guy versus big guy fight. Standing for the Rohrabacher substitute and a strong American patent system is a coalition that includes the NFIB, small business organizations and every inventors association in the country is supporting the Rohrabacher substitute.

Over 50 top research universities and colleges nationwide who rely on patent income to bolster their research programs are supporting my substitute, including Harvard, MIT, the University of Florida, LSU, Columbia, Northwestern, the University of Wisconsin. Also strongly supporting the Rohrabacher substitute for H.R. 3460 is Patent Office union, these men and women who struggle and work so hard to try to be diligent in their work who are going to find their entire civil service protection stripped from them.

On the other side is just about every big business organization you can imagine. With interlocking directorates and foreign ownership, no one can be sure how much foreign and multinational influence is being exerted on this issue. But it is considerable.

Who will win? It is up to the people. Members of Congress need to be personally contacted. H.R. 3460, the Moorhead-Schroeder Patent Act, which I call the Steal American Technologies Act, must be defeated and the Rohrabacher substitute put in its place. This vote could well come to the floor early next week.

Anyone who needs more information, by the way, interestingly enough, if someone wants to read the bill in fact for themselves, they can. It is available on the Internet. The terrible details are there for the American people to see. If someone has got a home computer, they can get it on the Internet and take the time, if they want to take the time, to go and do this and to download the information and see it for themselves.

They actually, they can actually go to their internet computer and get the copies of the bills and try to decide for themselves. It is available at WWW dot House dot gov and then slash Rohrabacher. That is R-o-h-r-a-b-a-c-h-e-r. Here is the internet information again: www dot house dot gov slash Rohrabacher.

So this decision that we are about to make in this body will determine the well-being of our people, the standard of living of every American. It will determine the competitiveness of the United States of America and it will determine our future.

Is the United States going to be a shining city on the hill, a shining city of innovation and progress, sparkling there, or a backwater subservient to the dictates of a global elite? A land of free, prosperous people looking to the future, or a Nation looking back and wondering why and how we lost our edge in the world?

Together we can make democracy work. H.R. 3460, the Steal American Technologies Act, can be defeated and our rights to the best technology in the world and to make sure America is the technological leader in the world can be restored by the Rohrabacher substitute. It is now time for people to become part of the democratic process. Those people who are trying insidiously to change the law in a way that would, 10 years down the road, be a sneak attack on the well-being of our people, they are basically confident that they are going to win because they think this issue, the patent issue, that people are going to yawn or they will not be able to understand it or will not be able to understand just what is going on here. They are thinking this is going to slide through Congress because they have got these big corporate heads calling on Members of Congress.

Unless we take the power in our own hands and participate in the system, which is what our Founding Fathers wanted us to do, I believe that Thomas Jefferson today would be so proud that internet is being used to give people the actual wording of the bills that are being considered here on the floor of the House of Representatives. Thomas Jefferson, Benjamin Franklin, they would say, that is exactly the kind of society we had in mind because we knew America would not be perfect. The Founding Fathers knew there would be special interests working in our country, but they knew and they trusted in the free people of this country to get involved.

Let us make sure we do get involved. Let us make sure that Ben Franklin

and Thomas Jefferson, who are looking down on us today, will know that we have picked up the torch because we are, after all, the children of Thomas Jefferson. We will not give up our rights, and we will fight for this democratic process.

I would invite all of my colleagues to join me in this effort to ensure that the American people's right to a decent standard of living, to freedom beyond anywhere else in the world, that that right, those rights are protected.

COMMEMORATING THE 150TH ANNIVERSARY OF THE FIRST OFFICIALLY RECORDED BASEBALL GAME, HOBOKEN, NJ, JUNE 19, 1846

The SPEAKER pro tempore (Mr. FOX of Pennsylvania). Under a previous order of the House, the gentleman from New Jersey [Mr. MENENDEZ] is recognized for 60 minutes.

Mr. MENENDEZ. Mr. Speaker, for the purposes of the Chair as well as the staff here, I do not intend to take the hour. That is the good news. It should take only about 15 minutes, but they are important minutes.

Mr. Speaker, I rise not to speak about the weighty matters of state that we often get up here and speak about but a little bit about history. Tomorrow, Mr. Speaker, in Hoboken, NJ, which is in my congressional district, the city of Hoboken and its mayor, Anthony Russo, will celebrate the 150th anniversary of the first officially recorded game of baseball. Yes, I am talking about baseball, the national pastime.

On June 19, 1846, the first officially recorded baseball game was played on the Elysian Fields in Hoboken, NJ. Yes, Cooperstown, NY, has the National Baseball Hall of Fame, but history clearly makes Hoboken the birthplace of modern baseball. Through the courtesy of the National Baseball Hall of Fame and Museum and Frank Borsky of the Hoboken Development Agency, who compiled much of this information in 1976, I would like to highlight this memorable occasion by reading from various accounts of this immortal game.

The game pitted the New York Nine against the Knickerbockers. The Knickerbockers were the most renowned club of that time. The crowded urban conditions in Manhattan forced the clubs to take the ferry across the Hudson to play in Hoboken, then a well-to-do resort.

The scene was described by Seymour Church. He said: ''A walk of about a mile and a half from the ferry up the Jersey shore of the Hudson River, along a road that skirted the river bank on one side and was hugged by trees and thickets on the other, brought one suddenly to an opening in the 'forest primeval.' This open spot was a level grass covered plain, some 200 yards across, and as deep—surrounded on three sides by the typical eastern undergrowth and woods, and on the east by the Hudson. It was a perfect greensward for almost the year around.''

The umpire was an American civil engineer named Alexander Cartwright, who many historians say invented baseball contrary to the proponents of Abner Doubleday and for good reason. Under Cartwright's direction, the baseball diamond was laid out. Cartwright's ordering of the game has not appreciably changed in the past 150 years. Prior to this game, there was a casual placement of bases, but not on the Cartwright's plans. Players were stationed at each base with only three outfielders, instead of the random hordes which had previously manned the baselines and the outfield. There were 9 men instead of 11 on a side. Cartwright recognized that most hits were between second and third base, so he placed the player in a new position called a shortstop. Teams batted in regular order with three outs in order to exchange sides batting. This is in contrast with cricket in which a side continues at bat until the entire team was out. Finally outs were made by throwing to bases instead of trying to hit the player with the ball.

Here are some of the rules that governed the first game in Hoboken:

In section 1 of these rules that were written out, it said the bases shall go from home to second 42 paces, from first to third, 42 paces equidistant.

The ball must be pitched, underhand, and not thrown, freehand, for the bat.

A ball knocked outside the range of first or third is foul.

Three balls being struck at and missed and the last one caught in a hand is out; and if not caught, is considered fair. And the striker is bound to run.

A player running the bases shall be out if the ball is in the hands of an adversary and the runner touched by it before he makes his base, it being understood, however, that in no instance, is the ball to be thrown at him.

These are just some of the rules, but what is interesting is that Cartwright laid out the game as we know it today, and he did so in Hoboken, NJ.

The pitcher stood 45 feet from the batter. The catcher stood back far enough to take the ball on a bounce. The umpire stood between the plate and the catcher but to the right and out of the way of the ball. The ball itself was 10 inches in circumference, weighing 6 ounces and had a rubber center.

In September 1845, a group of Cartwright's social acquaintances established a club called the Knickerbockers, the first organized baseball club. The challenge was issued to the New York Nine. At stake was a banquet at McCarty's Hotel near the Elysian Fields of Hoboken. Overconfident, the Knickerbockers did not practice and the team's best player, Cartwright himself, volunteered to umpire. As a matter of fact, baseball's first fine for ''cussing'' was levied by Cartwright for 6 cents against a New York Nine player named Davis.

Despite crafting the rules, the Knickerbockers could not match the Nine pitcher with cricket experience who whipped pitches past the Knick batters.

Although it was a perfect day, the Knickerbockers took a drubbing. While beating the New York Nine in their fashion with their uniforms of blue pantaloons and white flannel shirts, mohair caps, and patent leather belts, the Knickerbockers failed to win the game, losing by a score of 23 to 1.

The final result of that game came in the box score, which was subsequently published and is in the New York Public Library.

One hundred years later, the city of Hoboken celebrated the centennial with a bronze marker erected by the New Jersey Commission on Historic Sites.

□ 2230

It reads:

> On June 19, 1846, the first match game of baseball was played here on the Elysian Fields between the Knickerbockers and the New Yorks. It is generally conceded that until this time the game was not seriously regarded.

That is the quote on the marker.

That game is seriously regarded today. The people of Hoboken are still proud that America's national pastime was played there, and the people of Hoboken still love the game and will cherish this anniversary, the 150th anniversary, by parades and award dinners that will be held tomorrow evening.

Now, Mr. Speaker, why do I come to the floor of the House to talk about an issue like this? This is more than just hometown pride. This is about a stake in history and about a game that is as American as apple pie, a game that brings families together whether at the stadium, around the TV set, or on the Little League field. It is about dreams, realized; some, broken. It is about a sense of community as cities from coast to coast cheer on their hometown boys. It is about tradition, a great American tradition, for no matter where in the world baseball is played, we know that it was made here in the United States.

I am proud to proclaim Hoboken, NJ, a city with a great tradition. A great city in the 13th Congressional District is the birthplace of baseball.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. WATERS (at the request of Mr. GEPHARDT), for today, on account of personal business.

Mrs. LINCOLN (at the request of Mr. GEPHARDT), for today and the balance of the week, on account of medical reasons.

Mr. RAMSTAD (at the request of Mr. ARMEY), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any Special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:)

Mr. MEEHAN, for 5 minutes, today.

Mrs. COLLINS of Illinois, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mr. FARR, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Ms. DELAURO, for 5 minutes, today.

(The following Members (at the request of Mr. MICA) to revise and extend their remarks and include extraneous material:)

Mrs. SMITH of Washington, for 5 minutes each day, on today and June 19.

Mr. JONES, for 5 minutes, today.

Mr. GUTKNECHT, for 5 minutes, today.

Mr. WAMP, for 5 minutes, today.

Mrs. KELLY, for 5 minutes, today.

Mr. FIELDS of Texas, for 5 minutes, today.

Mr. MICA, for 5 minutes, today.

Mr. SMITH of Michigan, for 5 minutes each day, on today and June 19.

Mr. WELDON of Florida, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. HOKE, for 5 minutes, today.

(The following Member (at her own request) to revise and extend her remarks and include extraneous material:)

Ms. PELOSI, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PALLONE) and to include extraneous matter:)

Mr. SERRANO.

Mr. MANTON.

Mr. DELLUMS.

Mr. SCHUMER.

Mr. WAXMAN.

Mrs. SCHROEDER.

Mr. BROWN of California.

Ms. HARMAN.

Mr. CLEMENT.

Ms. EDDIE BERNICE JOHNSON of Texas.

Mr. REED.

Mr. BARRETT of Nebraska.

Mr. KLECZKA.

Mr. BENTSEN.

Mrs. MEEK of Florida.

Mr. GORDON.

Mr. MARKEY.

Mr. UNDERWOOD.

Mr. ACKERMAN.

Ms. WATERS.

(The following Members (at the request of Mr. MICA) and to include extraneous material:)

Mr. SMITH of New Jersey in two instances.

Mr. CRANE.

Mr. BILIRAKIS.

Mrs. KELLY.

Mr. CANADY of Florida.

Mr. SMITH of Michigan.

Mr. GILMAN.

Mr. CLINGER.

(The following Members (at the request of Mr. MENENDEZ) and to include extraneous matter:)

Mr. SHAW in two instances.

Mr. FRAZER.

Mr. KLUG.

Ms. MCCARTHY.

Mr. PASTOR.

Mr. MENENDEZ in two instances.

Mr. DEUTSCH.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1488. An act to convert certain excepted service positions in the United States Fire Administration to competitive service positions, and for other purposes; to the Committee on Government Reform and Oversight, and in addition to the Committee on Science, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

ADJOURNMENT

Mr. MENENDEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 32 minutes p.m.), the House adjourned until tomorrow, Wednesday, June 19, 1996, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3686. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Viruses, Serums, and Toxins and Analogous Products; Master Labels [Docket No. 93–167–2] received June 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3687. A communication from the President of the United States, transmitting his request for a fiscal year 1996 supplemental appropriation to increase the ability of the Department of the Treasury's Bureau of Alcohol, Tobacco and Firearms to investigate and solve acts of arson against African-American churches, pursuant to 31 U.S.C. 1107 (H. Doc. No. 104–234); to the Committee on Appropriations and ordered to be printed.

3688. A letter from the Secretary of the Navy, transmitting the Secretary's determination and findings: Authority to award a contract to privatize the Naval Air Warfare Center, Aircraft Division, Indianapolis, based on public interest exception to requirement for full and open competition, pursuant to 10 U.S.C. 2304(c)(7); to the Committee on National Security.

3689. A letter from the Secretary of the Navy, transmitting the Secretary's determination and findings: Authority to award a contract for overhaul, remanufacture, repair and life cycle maintenance support of Navy MK15 Phalanx, MK49 Rolling Airframe Missile Launcher, MK23 Target Acquisition System, based on public interest exception to requirement for full and open competition, pursuant to 10 U.S.C. 2304(c)(7); to the Committee on National Security.

3690. A letter from the Assistant General Counsel for Regulations, Department of Education, transmitting the Department's final rule—Bilingual Education: Graduate Fellowship Program (RIN: 1885–AA21) received June 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Economic and Educational Opportunities.

3691. A letter from the Assistant General Counsel for Regulations, Department of Education, transmitting the Department's final rule—William D. Ford Federal Direct Loan Program (RIN: 1840–AC19) received June 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Economic and Educational Opportunities.

3692. A letter from the Secretary of Education, transmitting final regulations—William D. Ford Federal Direct Loan Program, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Economic and Educational Opportunities.

3693. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Federal Motor Vehicle Safety Standards; Child Restraint Systems (National Highway Traffic Safety Administration) [Docket No. 74–09; Notices 46] (RIN: 2127–AF02) received June 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3694. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting a copy of Presidential Determination No. 96–32: Suspending restrictions on United States relations with the Palestine Liberation Organization, pursuant to Public Law 104–107, section 604(b)(1) (110 Stat. 756); to the Committee on International Relations.

3695. A letter from the Director, Resource Management and Planning Staff, Trade Development, International Trade Administration, transmitting the Administration's final rule—Market Development Cooperator Program [Docket No. 950207043–6128–02] (RIN: 0625–ZA03) received June 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

3696. A letter from the Deputy Director, Office of Public/Private Initiatives, International Trade Administration, transmitting the Administration's final rule—International Buyer Program (Formerly know as the Foreign Buyer Program); Support for Domestic Trade Shows [Docket No. 960611170–6170–01] (RIN: 0625–XX07) received June 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

3697. A letter from the Executive Director, Committee for Purchase From People Who Are Blind or Severely Disabled, transmitting the Committee's final rule—Additions to the Procurement List—received June 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

3698. A letter from the Secretary, Smithsonian Institution, transmitting the semiannual report on activities of the inspector general for the period October 1, 1995, through March 31, 1996, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

3699. A letter from the Commissioner, Social Security Administration, transmitting the semiannual report on activities of the inspector general for the period October 1, 1995,

through March 31, 1996, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

3700. A letter from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—Addition of Great Bay National Wildlife Refuge to the List of Open Areas for Hunting in New Hampshire (Fish and Wildlife Service) (RIN: 1018–AD44) received June 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3701. A letter from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—Addition of Ohio River Islands National Wildlife Refuge to the List of Open Areas for Sport Fishing in West Virginia, Pennsylvania, and Kentucky (Fish and Wildlife Service) (RIN: 1018–AD43) received June 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3702. A letter from the Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Groundfish of the Bering Sea and Aleutian Islands Area; Trawl Rock Sole/Flathead Sole/''Other Flatfish'' Fishery Category [Docket No. 960129019–6019–01; I.D. 060696E] received June 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3703. A letter from the Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Groundfish of the Gulf of Alaska; Pollock in Statistical Area 630 [Docket No. 960129018–6018–01; I.D. 052896D] received June 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3704. A letter from the Program Management Officer, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries of the Exclusive Economic Zone Off Alaska [Docket No. 960531152–6152–01; I.D. 042996B] received June 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3705. A letter from the Assistant General Counsel, U.S. Information Agency, transmitting the Agency's final rule—Exchange Visitor Program (22 CFR Part 514) received June 7, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

3706. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations: Atlantic Intracoastal Waterway, Sunset Beach, NC (U.S. Coast Guard) [CGD05–95–048] (RIN: 2115–AE47) received June 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3707. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Regulatory Review: Gas Pipeline Safety Standards Final Regulatory Evaluation (Research and Special Programs Administration) [Docket PS–124; Final Rule] (RIN: 2137–AC25) received June 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3708. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Oil Spill Prevention and Response Plans (Research and Special Programs Administration) [Docket Nos. HM–214 and PC–1; Amendment No. 130–2] (RIN: 2137–AC31) received June 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3709. A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Course Measurement for Graduate Courses (RIN: 2900–AH39) received June 11, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Veterans' Affairs.

3710. A letter from the Assistant Secretary for Employment and Training, Department of Labor, transmitting the Department's final rule—Unemployment Insurance Program Letter 23–96—received June 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

3711. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Revision of Section 482 Cost Sharing Regulations (RIN: 1545–AU20) received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

3712. A letter from the Chief of Staff, Social Security Administration, transmitting the Administration's final rule—Payment For Vocational Rehabilitation Services Furnished Individuals During Certain Months of Nonpayment of Supplemental Security Income Benefits (20 CFR Parts 404 and 406) [Regulation Nos. 4 and 16] (RIN 0960–AD39) received June 17, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); 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. LEACH: Committee on Banking and Financial Services. Supplemental report on H.R. 1858. A bill to reduce paperwork and additional regulatory burdens for depository institutions (Rept. 104–193, Pt. 2).

Mr. REGULA: Committee on Appropriations. H.R. 3662. A bill making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1997, and for other purposes (Rept. 104–625). Referred to the Committee of the Whole House on the State of the Union.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 3572. A bill to designate the bridge on U.S. Route 231 which crosses the Ohio River between Maceo, KY, and Rockport, IN, as the ''William H. Natcher Bridge'' (Rept. 104–626). Referred to the House Calendar.

Ms. PRYCE: Committee on Rules. House Resolution 455. Resolution providing for consideration of the bill (H.R. 3662) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1997, and for other purposes (Rept. 104–627). Referred to the House Calendar.

Mr. LEWIS of California: Committee on Appropriations. H.R. 3666. A bill making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes (Rept. 104–628). 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. REGULA:

H.R. 3662. A bill making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1997, and for other purposes.

By Mr. DAVIS (for himself, Ms. NORTON, Mr. MCHUGH, Mr. GUTKNECHT, Mr. LATOURETTE, Mr. FLANAGAN, Mr. TOWNS, Miss COLLINS of Michigan, Mr. HOYER, Mrs. MORELLA, Mr. MORAN, and Mr. WYNN):

H.R. 3663. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to permit the Council of the District of Columbia to authorize the issuance of revenue bonds with respect to water and sewer facilities, and for other purposes; to the Committee on Government Reform and Oversight.

By Mr. DAVIS:

H.R. 3664. A bill to make miscellaneous and technical corrections to improve the operations of the government of the District of Columbia; to the Committee on Government Reform and Oversight.

By Mr. ROBERTS (for himself, Mr. DE LA GARZA, Mr. EMERSON, Mr. ROSE, Mr. COMBEST, Mr. STENHOLM, Mr. BOEHNER, Mr. JOHNSON of South Dakota, Mr. BAKER of Louisiana, Mr. HILLIARD, Mr. CALVERT, Mr. POMEROY, Mr. COOLEY, Mr. BISHOP, Mr. LAHOOD, Mr. BALDACCI, and Mr. WISE):

H.R. 3665. A bill to transfer to the Secretary of Agriculture the authority to conduct the census of agriculture; to the Committee on Government Reform and Oversight, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. LEWIS of California:

H.R. 3666. A bill making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes.

By Mr. CRANE:

H.R. 3667. A bill to amend the Internal Revenue Code of 1986 to exclude tips from gross income; to the Committee on Ways and Means.

By Mr. DORNAN:

H.R. 3668. A bill to require the Secretary of Defense to provide back pay to the Vietnamese commandos who were employed by the United States during the Vietnam conflict to conduct covert operations in North Vietnam so as to compensate the commandos for the years in which they were imprisoned and persecuted in Vietnam; to the Committee on National Security.

By Mr. FILNER:

H.R. 3669. A bill to establish sources of funding for certain transportation infrastructure projects in the vicinity of the border between the United States and Mexico that are necessary to accommodate increased traffic resulting from the implementation of the North American Free-Trade Agreement, including construction of new Federal border crossing facilities, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. SCHAEFER:

H.R. 3670. A bill to extend certain programs under the Energy Policy and Conservation Act through fiscal year 1998, and for other purposes; to the Committee on Commerce, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. TAUZIN:

H.R. 3671. A bill to provide for the recognition of the United Houma Nation and to provide for the settlement of land claims of the United Houma Nation; to the Committee on Resources.

By Mr. WAXMAN:

H.R. 3672. A bill to amend the Federal Food, Drug, and Cosmetic Act to repeal the provisions for the certification of drugs containing insulin and antibiotics; to the Committee on Commerce.

By Mr. GILMAN (for himself, Mr. BEREUTER, Mr. FALEOMAVAEGA, and Mr. BERMAN):

H. Con. Res. 189. Concurrent resolution expressing the sense of the Congress regarding the importance of U.S. membership in regional South Pacific organizations; to the Committee on International Relations.

MEMORIALS

Under clause 4 of rule XXII:

226. The SPEAKER presented a memorial of the Senate of the State of Oklahoma, relative to Senate Concurrent Resolution No. 57 relating to atomic veterans; requesting recognition of such veterans; requesting the Oklahoma congressional delegation to propose or support certain benefits and medals for such veterans; and directing distribution; to the Committee on Veterans' Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 351: Mr. BILBRAY and Mr. MCKEON.
H.R. 550: Mr. FRELINGHUYSEN.
H.R. 797: Mr. FRAZER and Ms. LOFGREN.
H.R. 820: Mr. MARTINEZ, Mr. STUPAK, Mr. MATSUI, Mr. WOLF, Mr. VISCLOSKY, Mr. DIXON, Mr. PORTMAN, Mr. JOHSNON of South Dakota, Mr. BUNNING of Kentucky, and Mr. CRAPO.
H.R. 938: Mr. WICKER.
H.R. 972: Ms. DELAURO.
H.R. 1000: Mr. COYNE.
H.R. 1023: Mr. BARRETT of Nebraska.
H.R. 1462: Mr. STOKES, Mr. CHRISTENSEN, Mr. MEEHAN, Mr. PETERSON of Minnesota, Mr. COLEMAN, Mr. SCHUMER, Ms. DUNN of Washington, Mr. CLYBURN, and Mr. CALVERT.
H.R. 1512: Mr. BARR.
H.R. 1859: Ms. JACKSON-LEE.
H.R. 1998: Mr. LAUGHLIN, Mr. ZELIFF, Mr. CRAPO, and Ms. MCKINNEY.
H.R. 2026: Mr. SCHUMER, Mr. SHAW, Mr. HOBSON, Mr. BISHOP, and Mr. BUNNING of Kentucky.
H.R. 2200: Mr. BEVILL and Mr. SAWYER.
H.R. 2209: Mr. RADANOVICH, Mr. WALSH, and Mrs. MORELLA.
H.R. 2246: Mr. GORDON and Mr. WELDON of Pennsylvania.
H.R. 2270: Mr. NEUMANN.
H.R. 2333: Mr. MCDERMOTT.
H.R. 2421: Mr. NEAL of Massachusetts, Mr. RAMSTAD, and Mr. FRISA.
H.R. 2579: Mrs. MEEK of Florida, Mr. SISISKY, Mr. VOLKMER, Mr. WISE, Mr. MARTINI, and Mr. MOLLOHAN.
H.R. 2587: Mrs. FOWLER and Mr. KOLBE.
H.R. 2654: Mr. TORRICELLI.
H.R. 2796: Mr. HINCHEY.
H.R. 2892: Mr. FARR, Mr. HASTINGS of Washington, Mr. FRANK of Massachusetts, and Mr. LANTOS.
H.R. 2900: Mr. CALLAHAN, Mr. SPENCE, Mr. RIGGS, Ms. DANNER, Mr. METCALF, Mr. HILLEARY, Mr. FOLEY, Mr. WHITFIELD, and Mr. DOOLITTLE.
H.R. 2951: Mr. UPTON.
H.R. 2976: Mr. FLANAGAN, Ms. KAPTUR, and Mr. REED.
H.R. 3002: Mr. CRAPO.
H.R. 3012: Mr. ENSIGN, Mr. JONES, Mr. ACKERMAN, Mr. DEAL of Georgia, Mr. DUNCAN, Mr. JACOBS, and Mr. HEFNER.
H.R. 3030: Mr. NADLER.
H.R. 3089: Mr. ACKERMAN.
H.R. 3119: Ms. DELAURO.
H.R. 3211: Mr. ZIMMER, Mr. LINDER, Mr. ROBERTS, Mr. GANSKE, Mr. MCCOLLUM, Mr. STEARNS, Mr. GILCHREST, Mr. SHADEGG, Mr. TAYLOR of North Carolina, and Mr. SAM JOHNSON.
H.R. 3245: Mr. MOAKLEY and Mr. GREEN of Texas.
H.R. 3258: Mr. RADANOVICH.
H.R. 3294: Mr. THOMPSON and Mr. CUMMINGS.
H.R. 3341: Mr. STEARNS, Mr. CALVERT, Mr. GALLEGLY, Mr. OXLEY, Mr. BAKER of Louisiana, Mr. GREENWOOD, Mr. MANTON, Mr. ACKERMAN, and Mr. TATE.
H.R. 3396: Mr. ALLARD, Mr. LAHOOD, Ms. DANNER, Mr. FIELDS of Texas, and Mr. KNOLLENBERG.
H.R. 3449: Mr. HAYWORTH and Mr. CHAPMAN.
H.R. 3455: Ms. WOOLSEY and Mr. ACKERMAN.
H.R. 3460: Mr. HEINEMAN, Mr. GEKAS, Mr. FROST, and Mr. DREIER.
H.R. 3520: Mr. LIPINSKI and Mr. DEFAZIO.
H.R. 3580: Mr. MCCOLLUM, Mr. WELDON of Florida, Mr. GILCHREST, Mr. QUILLEN, Mr. MCKEON, Mr. SOUDER, Mr. DORNAN, Mr. SAM JOHNSON, Mr. BARTON of Texas, Mr. COBURN, Mr. CHAMBLISS, Mr. EHRLICH, and Mr. MILLER of Florida.
H.R. 3596: Mr. FOX.
H.R. 3604: Mr. NORWOOD.
H.R. 3606: Mr. MATSUI, Mr. BERMAN, Mr. HINCHEY, Ms. RIVERS, and Ms. NORTON.
H.R. 3619: Mr. LEWIS of Georgia.
H.R. 3643: Mr. WELLER, Mr. WATTS of Oklahoma, Mr. BILIRAKIS, Mr. SMITH of New Jersey, Ms. BROWN of Florida, Mr. FLANAGAN, Mr. STEARNS, Mr. DEAL of Georgia, and Mr. QUINN.
H.R. 3645: Mr. TOWNS
H.J. Res. 174: Mr. SHADEGG.
H.J. Res. 182: Mr. SPRATT, Mr. HALL of Ohio, Mr. DELLUMS, and Mr. ENGEL.
H. Con. Res. 50: Mr. DURBIN, and Mr. LEVIN.
H. Con. Res. 173: Mr. MASCARA, Mr. BREWSTER, Mr. GORDON, Mr. CUNNINGHAM, Mr. LIPINSKI, Mr. HINCHEY, Ms. DANNER, Ms. NORTON, Mr. ACKERMAN, Mr. VOLKMER, Mr. EVANS, Mrs. KENNELLY, and Mr. GREEN of Texas.
H. Con. Res. 183: Mr. HOYER, Mr. FAZIO of California, Mr. DE LA GARZA, Mr. BROWN of Ohio, Mr. LAFALCE, Mr. COLEMAN, Mr. TEJEDA, Mr. SOUDER, Ms. BROWN of Florida, Mr. KILDEE, Mr. COYNE, Mr. FOX, Mr. TOWNS, Mr. BEILENSON, Mr. QUINN, Mr. DIXON, Mr. MCDERMOTT, Mr. BALLENGER, Ms. LOFGREN, Mr. SPRATT, Mr. CARDIN, Mr. STENHOLM, Mr. STUPAK, Mr. POSHARD, Mr. TORRES, Mrs. JOHNSON of Connecticut, Ms. MCCARTHY, Mr. POMEROY, Mr. NEAL of Massachusetts, Mr. SISISKY, Mr. SCHUMER, Mr. DOOLEY, Mr. VOLKMER, Mr. GORDON, Mr. DICKEY, Mr. CHAMBLISS, Mr. BAKER of California, Mr. SKEEN, Mr. WATTS of Oklahoma, Mr. MINGE, Mr. KENNEDY of Rhode Island, Mr. GUTIERREZ, Mr. CONYERS, Mr. UNDERWOOD, and Mr. GREEN of Texas.
H. Res. 30: Mr. LEWIS of Kentucky.
H. Res. 123: Mr. PORTER.
H. Res. 423: Mr. MINGE, Mr. HAYWORTH, Mr. LEACH, Mr. ZIMMER, and Mr. GOSS.
H. Res. 439: Mrs. ROUKEMA and Ms. DELAURO.
H. Res. 454: Mr. DEFAZIO, Mrs. CLAYTON, and Mr. FRANK of Massachusetts.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 94: Mr. CHRISTENSEN.
H.R. 1972: Mr. MCDADE.
H.R. 2618: Ms. SLAUGHTER.
H.J. Res. 182: Mr. FAZIO of California.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3662

OFFERED BY: MR. CONDIT

AMENDMENT NO. 1: At the end of the bill (before the short title), add the following new section:

SEC. . None of the funds made available by this Act may be expended for disposition under section 4(b)(3) of the Endangered Species Act of 1973 (16 U.S.C. 1533(b)(3)) of any petition that is received by the Secretary (as that term is used in that section) after the date of the date of the enactment of this Act.

H.R. 3662

OFFERED BY: MR. DEFAZIO

AMENDMENT NO. 2: In section 319 (relating to timber), strike the first, second, and third sentences.

H.R. 3662

OFFERED BY: MR. DICKS

AMENDMENT NO. 3: In Title I, General Provisions of the bill, strike all of Section 116, dealing with Critical Habitat designation.

H.R. 3662

OFFERED BY: MR. FALEOMAVAEGA

AMENDMENT NO. 4: Strike section 317.

H.R. 3662

OFFERED BY: MR. FALEOMAVAEGA

AMENDMENT NO. 5: Strike section 318.

H.R. 3662

OFFERED BY: MR. FALEOMAVAEGA

AMENDMENT NO. 6: Insert after section 320 the following new section:

SEC. 321. None of the funds appropriated or otherwise made available by this Act may be used to permit or facilitate the planning, construction, or operation of a third telescope on Mt. Graham in the Coronado National Forest unless it is made known that the planning, construction, or operation of that telescope first complies with all applicable laws, notwithstanding section 335 of Public Law 104–134.

H.R. 3662

OFFERED BY: MR. FARR

AMENDMENT NO. 7: In the item relating to the DEPARTMENT OF THE INTERIOR—Bureau of Land Management—Land Acquisition, insert ''(increased by $4,750,000)'' after the dollar amount.

In the item relating to the DEPARTMENT OF THE INTERRIOR—United States Fish and Wildlife Service—Land Acquisition, insert ''(increased by $37,300,000)'' after the dollar amount.

In the item relating to the DEPARTMENT OF THE INTERIOR—National Park Service—Land Acquisition and State Assistance—

(1) insert ''(increased by $57,790,000)'' after the first dollar amount; and

(2) insert ''(increased by $2,240,000)'' after the second dollar amount.

In the item relating to RELATED AGENCIES—Department of Agriculture—Forest Service—Land Acquisition, insert ''(increased by $35,310,000)'' after the dollar amount.

In the item relating to DEPARTMENT OF ENGERGY—Fossil Energy Research Development, insert ''(reduced by $135,150,000)'' after the dollar amount.

H.R. 3662

OFFERED BY: MR. FOX OF PENNSYLVANIA

AMENDMENT NO. 8: In the item relating to ''DEPARTMENT OF ENGERGY—FOSSIL ENERGY RESEARCH AND DEVELOPMENT'', after the dollar amount, insert the following: ''(reduced by $20,636,000)''.

In the item relating to ''DEPARTMENT OF ENERGY—ENERGY CONSERVATION—

(1) after the first dollar amount, insert the following: ''(increased by $20,636,000)'''

(2) after the second dollar amount, insert the following: ''(increased by $20,636,000)'';

(3) after the third dollar amount, insert the following: ''(increased by $14,196,000)''; and

(4) after the fourth dollar amount, insert the following: ''(increased by $6,440,000)''.

H.R. 3662

OFFERED BY: MR. FOX OF PENNSYLVANIA

AMENDMENT NO. 9: In the item relating to ''DEPARTMENT OF ENERGY—ENERGY CONSERVATION''—

(1) after the second dollar amount, insert the following: ''(increased by $18,204,000)'';

(2) after the third dollar amount, insert the following: ''(increased by $11,764,000)''; and

(3) after the fourth dollar amount, insert the following: ''(increased by $6,440,000)''.

H.R. 3662

OFFERED BY: MS. FURSE

AMENDMENT NO. 10: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. . (a) REPEAL OF EMERGENCY SALVAGE TIMBER SALE PROGRAM OF PUBLIC LAW 104–19.—Hereafter, section 2001 of Public Law 104–19 (109 Stat. 240) is repealed.

(b) IMPLEMENTATION.—Notwithstanding any outstanding judicial order or administrative proceeding interpreting section 2001 of Public Law 104–19 (109 Stat. 240), the Secretary of Agriculture and the Secretary of the Interior shall suspend, effective on the date of the enactment of this Act, each and every activity that is being undertaken in whole or in part under the authority provided in such section unless the Secretary concerned determines that the activity would have been undertaken even in the absence of such section. All such suspended activities shall be subject to all applicable environmental and natural resource laws. The Secretary concerned may not resume an activity suspended under this subsection unless and until the Secretary concerned determines that the activity (as originally commenced or as modified after the date of the enactment of this Act) complies with all environmental and natural resource laws applicable to the activity.

(c) SECRETARY CONCERNED DEFINED.—In this section, the term ''Secretary concerned'' means—

(1) the Secretary of Agriculture, with respect to activities involving lands within the National Forest System; and

(2) the Secretary of the Interior, with respect to activities involving Federal lands under the jurisdiction of the Bureau of Land Management.

H.R. 3662

OFFERED BY: MS. FURSE

AMENDMENT NO. 11: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. . None of the funds appropriated or otherwise made available in this Act (including funds appropriated or otherwise made available for salaries and expenses of employees of the Department of Agriculture or the Department of the Interior) may be used to prepare, advertise, offer, or award any contract under any provision of the emergency salvage timber sale program established under section 2001 of Public Law 104–19 (109 Stat. 240; 16 U.S.C. 1611 note).

H.R. 3662

OFFERED BY: MR. GOSS

AMENDMENT NO. 12: In the item relating to ''NATIONAL PARK SERVICE—LAND ACQUISITION AND STATE ASSISTANCE'', after the first dollar amount, insert the following: ''(increased by $15,000,000)''.

In the item relating to ''FOREST SERVICE—RECONSTRUCTION AND CONSTRUCTION'', after the first dollar amount, insert the following: ''(reduced by $15,000,000)''.

H.R. 3662

OFFERED BY: MR. GOSS

AMENDMENT NO. 13: In the item relating to ''NATIONAL PARK SERVICE—LAND ACQUISITION AND STATE ASSISTANCE'', after the first dollar amount, insert the following: ''(increased by $19,100,000)''.

In the item relating to ''FOREST SERVICE—RECONSTRUCTION AND CONSTRUCTION'', after the first dollar amount, insert the following: ''(reduced by $19,100,000)''.

H.R. 3662

OFFERED BY: MR. GOSS

AMENDMENT NO. 14: In the item relating to ''NATIONAL PARK SERVICE—LAND ACQUISITION AND STATE ASSISTANCE'', insert before the period at the end the following:

: *Provided further,* That, of the funds made available in this paragraph, $15,000,000 shall be for acquisition of Everglades restoration areas

H.R. 3662

OFFERED BY: MR. GUTKNECHT

AMENDMENT NO. 15: At the end of the bill before the short title, insert the following new section:

SEC. . Each amount appropriated or otherwise made available by this Act that is not required to be appropriated or otherwise made available by a provision of law is hereby reduced by 1.9 percent.

H.R. 3662

OFFERED BY: MR. HOEKSTRA

AMENDMENT NO. 16: In the item relating to ''NATIONAL ENDOWMENT FOR THE ARTS—GRANTS AND ADMINISTRATION'', after the dollar amount, insert the following: ''(reduced by $31,500)''.

H.R. 3662

OFFERED BY: MR. ISTOOK

AMENDMENT NO. 17: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. . None of the funds made available in this Act may be used by the Bureau of Indian Affairs to transfer any land into trust under section 5 of the Indian Reorganization Act (25 U.S.C. 465), or any other Federal statute that does not explicitly denominate and identify a specific tribe or specific property, except when it is made known to the Federal official having authority to obligate or expend such funds that—

(1) a binding agreement is in place between the tribe that will have jurisdiction over the land to the taken into trust and the appropriate State and local officials; and

(2) such agreement provides, for as long as the land is held in trust, for the collection and payment, by any retail establishment located on the land to be taken into trust, of State and local sales and excise taxes, including any special tax on motor fuel, tobacco, or alcohol, on any retail item sold to any nonmember of the tribe for which the land is held in trust, or an agreed upon payment in lieu of such taxes.

H.R. 3662

OFFERED BY: MR. KENNEDY OF MASSACHUSETTS

AMENDMENT NO. 18: In the item relating to ''FOREST SERVICE—RECONSTRUCTION AND CONSTRUCTION''—

(1) after the first dollar amount, insert the following: ''(reduced by $12,000,000)''; and

(2) after the second dollar amount, insert the following: ''(reduced by $30,000,000)''.

H.R. 3662

OFFERED BY: MR. KLUG

AMENDMENT NO. 19: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. . (a) REPEAL OF PROGRAM TO AWARD AND RELEASE UNAWARDED TIMBER SALE CONTRACTS.—Hereafter, subsection (k) of section 2001 of Public Law 104–19 (109 Stat. 240 is repealed.

(b) EXISTING TIMBER SALE CONTRACTS.—

(1) SUSPENSION.—Notwithstanding any outstanding judicial order or administrative proceeding interpreting subsection (k) of section 2001 of Public Law 104–19 (109 Stat. 240), as in existence prior to the date of the enactment of this Act, the Secretary of Agriculture and the Secretary of the Interior shall immediately suspend each timber sale or activity that is being undertaken in whole or in part under the authority provided in such subsection.

(2) TERMINATION.—Upon suspension of each timber sale or activity under paragraph (1), the Secretary concerned shall exercise any provision of the original contract that authorizes termination and payment of specified damages.

H.R. 3662

OFFERED BY: MR. KOLBE

AMENDMENT NO. 20: In Title I of the bill, strike all of Section 117 dealing with the prohibition of the Bureau of Indian Affairs (BIA) from transferring any land into trust under section 5 of the Indian Reorganization Act or any other federal statute.

H.R. 3662

OFFERD BY: MR. MILLER OF CALIFORNIA

AMENDMENT NO. 21: In the item relating to the DEPARTMENT OF THE INTERIOR—National Park Service—National Recreation and Preservation, insert ''(increased by $10,000,000)'' after the dollar amount.

In the item relating to DEPARTMENT OF ENGERY—Fossil Energy Research and Development, insert ''(reduced by $10,000,000)'' after the dollar amount.

H.R. 3662

OFFERED BY: MR. MILLER OF CALIFORNIA

AMENDMENT NO. 22: At the end of the bill, insert after the last section (preceding the short title) the following new section:

''None of the funds appropriated or otherwise made available by this Act may be used for the purposes of implementing Tongass National Forest timber contract A10fs–1042 between the United States and Ketchikan Pulp Company.''

H.R. 3662

OFFERED BY: MR. PARKER

AMENDMENT NO. 23: In the item relating to ''DEPARTMENT OF ENERGY—ENERGY CONSERVATION''—

(1) after the second dollar amount, insert the following: ''(increased by $18,204,000)''; and

(2) after the third dollar amount, insert the following: ''(increased by $11,764,000)''; and

(3) after the fourth dollar amount, insert the following: ''(increased by $6,440,000)''.

H.R. 3662

OFFERED BY: MR. RICHARDSON

AMENDMENT NO. 24: On page 10 under the item ''UNITED STATES FISH AND WILDLIFE SERVICE'', under the item ''RESOURCE MANAGEMENT'', after the second dollar amount insert ''(increased by $5,000,000)''.

On page 58 under the item ''DEPARTMENT OF ENERGY'', under the item ''FOSSIL ENERGY

RESEARCH AND DEVELOPMENT'', after the first dollar amount insert ''(reduced by $7,000,000)''.

H.R. 3662

OFFERED BY: MR. RICHARDSON

AMENDMENT NO. 25: On page 15 under the item ''NATIONAL PARK SERVICE'', under the item ''OPERATION OF THE NATIONAL PARK SYSTEM'', after the 3d dollar amount insert ''(increased by $43,165,000)''.

On page 58 under the item ''DEPARTMENT OF ENERGY'', under the item ''FOSSIL ENERGY RESEARCH AND DEVELOPMENT'', after the 1st dollar amount insert ''(reduced by $85,000,000)''.

H.R. 3662

OFFERED BY: MR. SANDERS

AMENDMENT NO. 26: In the item relating to ''NATIONAL PARK SERVICE—OPERATIONS'', after the dollar amount, insert the following: ''(increased by $340,000)''.

In the item relating to ''NATIONAL PARK SERVICE—OPERATIONS'', insert before the period the following:

: *Provided further,* That, of the funds provided in this paragraph, $340,000 shall be for the Marsh Billings Park, in Vermont

In the item relating to ''DEPARTMENT OF ENERGY—NAVAL PETROLEUM AND OIL SHALE RESERVES'', after the dollar amount, insert the following: ''(reduced by $340,000)''.

H.R. 3662

OFFERED BY: MR. SANDERS

AMENDMENT NO. 27: In the item relating to ''BUREAU OF LAND MANAGEMENT—PAYMENTS IN LIEU OF TAXES'', after the first dollar amount, insert the following: ''(increased by $10,000,000)''.

In the item relating to ''DEPARTMENT OF ENERGY—FOSSIL ENERGY RESEARCH AND DEVELOPMENT, after the dollar amount, insert the following: ''(reduced by $25,000,000)''.

H.R. 3662

OFFERED BY: MR. SANDERS

AMENDMENT NO. 28: In the item relating to ''DEPARTMENT OF ENERGY—NAVAL PETROLEUM AND OIL SHALE RESERVES'', after the dollar amount, insert the following: ''(reduced by $11,764,000)''.

In the item relating to ''DEPARTMENT OF ENERGY—ENERGY CONSERVATION'', after each of the first, second, and third dollar amounts, insert the following: ''(increased by $11,764,000)''.

H.R. 3662

OFFERED BY: MR. SHADEGG

AMENDMENT NO. 29: In the item relating to ''OTHER RELATED AGENCIES—NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES—NATIONAL ENDOWMENT FOR THE HUMANITIES—GRANTS AND ADMINISTRATION'', strike ''$92,994,000'' and insert ''$80,000,000''.

H.R. 3662

OFFERED BY: MR. SHADEGG

AMENDMENT NO. 30: In the items under the heading ''OTHER RELATED AGENCIES—NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES'', strike all the items relating to ''NATIONAL ENDOWMENT FOR THE HUMANITIES''.

H.R. 3662

OFFERED BY: MR. SKAGGS

AMENDMENT NO. 31: In Title I of the bill, under the heading of ''Minerals Management Service, Royalty and Offshore Minerals Management'', strike ''$186,555,000'' and in lieu thereof insert ''$182,555,000''; in Title II, under the heading ''Department of Energy, Fossil Energy Research and Development'', strike ''$358,754,000'' and in lieu thereof insert ''$354,754,000''; and under the heading ''Energy Conservation'', strike ''$499,680,000'' and in lieu thereof insert ''$507,680,000''.

H.R. 3662

OFFERED BY: MR. STUPAK

AMENDMENT NO. 32: At the end of the bill (preceding the short title) add the following new section:

SEC. . None of the amounts made available by this Act may be used for design, planning, implementation, engineering, construction, or any other activity in connection with a scenic shoreline drive in Pictured Rocks National Lakeshore.

H.R. 3662

OFFERED BY: MR. VENTO

AMENDMENT NO. 33: In the item relating to the DEPARTMENT OF THE INTERIOR—National Park Service—Operation of the National Park System, insert ''(increased by $23,480,000)'' after the third dollar amount.

In the item relating to RELATED AGENCIES—Department of Agriculture—Forest Service—Reconstruction and Construction, insert ''(reduced by $28,050,000)'' after the first dollar amount.

H.R. 3662

OFFERED BY: MR. WALKER

AMENDMENT NO. 34: In the item relating to ''NATIONAL PARK SERVICE—OPERATION OF THE NATIONAL PARK SYSTEM'', after the third dollar amount, insert the following: ''(increased by $62,000,000)''.

In the item relating to ''BUREAU OF INDIAN AFFAIRS—OPERATION OF INDIAN PROGRAMS''—

(1) after the first dollar amount insert the following: ''(increased by $27,534,000)''; and

(2) after the fourth dollar amount, insert the following: ''(increased by $27,534,000)''; and

In the item relating to ''DEPARTMENT OF ENERGY—FOSSIL ENERGY RESEARCH AND DEVELOPMENT'', after the dollar amount, insert the following: ''(reduced by $137,804,000)''

H.R. 3666

OFFERED BY: MR. ORTON

AMENDMENT NO. 1: At the end of the item relating to ''DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—ADMINISTRATIVE PROVISIONS'', insert the following new section:

SEC. 207. Sections 401 and 402 of the bill, H.R. 1708, 104th Congress, as introduced in the House of Representatives on May 24, 1995, are hereby enacted into law.

H.R. 3666

OFFERED BY: MR. ORTON

AMENDMENT NO. 2: At the end of the item relating to ''DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—ADMINISTRATIVE PROVISIONS'', insert the following new section:

SEC. 207. AUTHORITY TO USE AMOUNTS BORROWED FROM FAMILY MEMBERS FOR DOWNPAYMENTS ON FHA-INSURED LOANS.—(a) IN GENERAL.—Section 203(b)(9) of the National Housing Act (12 U.S.C. 1709(b)(9)) is amended by inserting before the period at the end the following: '': *Provided further,* That for purposes of this paragraph, the Secretary shall consider as cash or its equivalent any amounts borrowed from a family member (as such term is defined in section 201), subject only to the requirements that, in any case in which the repayment of such borrowed amounts is secured by a lien against the property, such lien shall be subordinate to the mortgage and the sum of the principal obligation of the mortgage and the obligation secured by such lien may not exceed 100 percent of the appraised value of the property plus any initial service charges, appraisal, inspection, and other fees in connection with the mortgage''.

(b) DEFINITION OF FAMILY MEMBER.—Section 201 of the National Housing Act (12 U.S.C. 1707) is amended by adding at the end the following new subsections:

''(e) The term 'family member' means, with respect to a mortgagor under such section, a child, parent, or grandparent of the mortgagor (or the mortgagor's spouse). In determining whether any of the relationships referred to in the preceding sentence exist, a legally adopted son or daughter of an individual (and a child who is a member of an individual's household, if placed with such individual by an authorized placement agency for legal adoption by such individual), and a foster child of an individual, shall be treated as a child of such individual by blood.

''(f) The term 'child' means, with respect to a mortgagor under such section, a son, stepson, daughter, or stepdaughter of such mortgagor.''.

H.R. 3666

OFFERED BY: MR. SANDERS

AMENDMENT NO. 3: In the item relating to ''DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Management and Administration—Salaries and expenses'', after the first dollar amount, insert the following: ''(reduced by $1,411,000)''.

In the item relating to ''INDEPENDENT AGENCIES—Court of Veterans Appeals—Salaries and expenses'', after the dollar amount, insert the following: ''(increased by $1,411,000)''.