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House of Representatives

The House met at 9 a.m.

MORNING HOUR DEBATES

The SPEAKER. Pursuant to the order of the House of January 21, 1997 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 25 minutes, and each Member except the majority leader and minority leader or the minority whip limited to not to exceed 5 minutes, but in no event shall continue beyond 9:50 a.m.

The Chair recognizes the gentleman from Florida (Mr. SCARBOROUGH) for 5 minutes.

CONGRESS MUST NOT TURN A BLIND EYE TO CHINA'S ABUSES

Mr. SCARBOROUGH. Mr. Speaker, this past weekend, human rights activist and former political prisoner, Harry Wu, was interviewed on ''This Week.'' When asked about America's relations with China, and specifically asked about President Clinton's assertion that one must accept the administration's position towards China or be seen as a backwards isolationist, Mr. Wu responded by stating, ''President Clinton said if you disagree with my engagement policy, that means you want to apply isolation. This is too cheap to argue. Okay, today there is nobody talking about isolation. Between isolation and engagement there is something in the middle.''

Mr. Speaker, what Mr. Wu may not understand as a recent arrival in the United States of America is what actually underlies the China policy not only of this administration but also of many in this Congress.

Why do we continue to embrace a regime that this President called the ''Butchers of Beijing'' just a few years ago? Unfortunately, it is because of America's obsession with finance. Our obsession with finance and a Dow Jones over 9,000 points, absolutely mesmerizes politicians who are led to believe they can get away with anything, so long as the Dow is doing well and the economy is clicking along while constituents personal incomes are rising.

The soaring Dow also mesmerizes the wizards of Wall Street, who have been stumbling over each other acting as apologists for the butchers in Beijing. One CEO has said there is actually more democracy in China than in America because, after all, more Chinese vote. The Wall Street Journal reported one defense contractor firm that sent their engineers over to China to train Chinese engineers how to make their jet fighters more competitive with American jet fighters.

Well, unfortunately, I think we are making a grave mistake. I think we are turning our back on the idea that America is the last great hope for a dying world, whether it is us turning a blind eye to the horrors of Sudan where Christians are persecuted, and turning a blind eye simply because we want an oil pipeline over there. Or whether it is turning a blind eye to the Buddhists being brutalized in Tibet because we do not want to, after all, offend China. Or whether it is this China MFN debate where we find out that the Communist Chinese are funneling money to America to influence our elections.

We hear nothing but silence because, after all, we do not want to offend the next great export market for the United States of America.

Mr. Speaker, I think it is regrettable. And I think this false choice that we must somehow either believe in pure, unadulterated free trade with the Communist Chinese regime or risk being isolationists is a false choice that is very dangerous.

Those of us that are opposed to MFN with China are being attacked not only by the President but by lobbyists downtown. BIPAC, a business PAC, has sent an angry memo around talking about backward isolationist Republicans who are not ''business friendly.''

I am distressed that we are being attacked because of our concern with a regime that is the most oppressive in the world; because we have concerns with a regime that has killed 60 million of their own people since 1949; because we are concerned about a regime that continues to export nuclear technology to Pakistan and Iran; because we are concerned with a regime that continues to steal America's intellectual property; because we are concerned with a regime that continues to abuse human rights; because we are concerned with a regime that continues to persecute hundreds of thousands of Christians and Buddhists and other people seeking religious freedom.

Let us reexamine our China policy.

Russell Kirk once said, ''No matter the volume of its steel production, a nation which has disavowed principle is vanquished.'' And Winston Churchill, when asked about the current state of his party in the 1950s said, ''The old conservative party, with its religious convictions and constitutional principles, will disappear and a new party will rise . . . perhaps like the Republican party in the USA . . . rigid, materialistic, and secular, whose opinions will turn on tariffs and who will cause the lobbies to be crowded with the touts of protected industries.''

Mr. Speaker, let us hope that does not happen to the Republican Party of the 21st century.

AMERICAN LABOR MOVEMENT: GIVING VOICE TO WORKERS

The SPEAKER pro tempore (Mr. SHIMKUS). Under the Speaker's announced policy of January 21, 1997, the gentleman from Minnesota (Mr. VENTO) is recognized during morning hour debates for 5 minutes.

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Mr. VENTO. Mr. Speaker, today I rise to recognize and support those in my district and around the Nation who are joined together in labor unions to promote workers' rights.

In our free market economy and free enterprise system, freedom for workers means the right to choose a representative and have a voice in their wages and their working conditions. Unions provide and organize an effective means for workers to join together to solve problems and participate in discussions regarding their wages, better benefits, safer working conditions, and better opportunities.

Workers should make their voices heard. Today they celebrate such right. I sincerely hope they have a fair hearing; that people in our Nation will, in fact, listen.

Union organizing is supposed to be a right guaranteed by law; however, in many instances employers have directly interfered with worker organizing efforts. The atmosphere of intimidation in many workplaces makes joining a union difficult, if not impossible. This is, of course, unacceptable. It is time for employers, communities, and legislators to support the right of workers to organize.

Unions perform a vital function in the lives of working families. Despite a booming economy, some workers cannot even remember the last time they got a raise. As the unionized share of the work force has declined, income inequity is increasingly dramatic. At a time when U.S. corporations are making record profits and the economy is strong and stable, it seems unreasonable that working people must struggle and too often losing in efforts to make ends meet.

American workers, the most productive workers in the world, deserve to share in the bounty of our economy. The benefits and the path to achieve such justified improvements is through union membership within the labor movement, the same folks who brought us the 40-hour work week and, that is right, and importantly the weekend off.

In fact, union negotiating does not just help those members that belong to that labor union. It helps our society in general and has promoted fair wages, fair taxes, and justice throughout our society. Unions attack all wage gaps, the discrepancy between executive pay and that of workers, income differences for women and for people of color, for the disabled, they fight discrimination and actively promote equal treatment and opportunity for all the workers in our society.

Because better pay and conditions help achieve a more productive work force, union workers earn an average of 33 percent more than nonunion workers and are much more likely to have health and pension benefits, the tools that we need to take care of our family.

Today, the simple justice of joining a union and the self-help and freedom to gain a fair wage is a big problem. In countless organizing campaigns, a majority of workers have clearly voiced a desire for union representation. However, more often than not they are obstructed by their employer's antiunion campaigns. Antiunion consulting industries are booming. It is a big business, guiding employers to manipulate the law and distort the intent in order to stall the organizing process, harass it, threaten and terminate workers who are trying to organize and achieve an exclusive representative, a union.

Mr. Speaker, all this is done with minimal, if any, penalties. In fact, the process is so cumbersome that it generally takes years before violations are even rectified. I have seen this happen firsthand in my own State of Minnesota this past year. Employees at the Metrodome Sheraton Hotel began an organizing drive with huge worker support. In fact, 80 percent of the workers, 112 workers of the 140 workers, signed cards supporting a union. But they had to have an election.

The Sheraton management in turn began a high-pressure campaign to put an end to the organizing and defeat the vote. They paid an antiunion consultant $300 an hour to assist them in their task. Management inundated the workplace with antiunion literature; offered pay raises to employees who promised to go along with the company and vote against the union.

Worst of all, the company repeatedly brought small groups of employees into rooms, where the heat was turned up to almost unbearable levels. Workers were lectured for hours about the evils of unions. They got paid for sitting there. They could not speak up or talk back. They could not ask questions. This is in America and this is legal in labor union elections today.

Mr. Speaker, this tactic of course worked. This election was lost by these workers, these hotel restaurant and housemen that worked at the Sheraton Metrodome in Minnesota. Amazingly, this type of antiunion campaign is neither illegal nor uncommon. Eight out of ten private sector employers hire professional consultants when faced with organizing efforts in their business. They do not want workers organized. They do not want workers in a union. They do not want workers to have such rights accorded in law.

Of course, this tactic works. The result is the frustration and intimidation of workers. In the case of the Minneapolis Sheraton, despite overwhelming support at the beginning of the process, the employees voted not to elect an exclusive representative this past May. But this was an election stacked against the workers and their right to have a union.

Mr. Speaker, a strong labor movement helps all Americans. Let us listen today as these voices are raised of working people across this country.

It is our job as elected leaders to ensure that the national and state laws allow our constituents to enjoy the fundamental values of democracy—freedom of speech and freedom of assembly. That includes, under law and custom, the long honored right to have a voice in their wages and working conditions. When workers are denied that voice, they no longer share in the wealth that they create. The health worker can't afford to be treated at the clinics and hospitals in which they labor. Auto workers can't afford to buy and drive the cars they make.

Congress needs to show support beyond voting positively upon labor issues. We can use our leverage to ensure that the rights and interests of America's labor force are advanced, that working families are accorded dignity and respect. Moreover, we have the obligation to make sure that the employers, policies, and laws that shape this relationship are just and workable.

Workers have the right to fully participate in the political arena. However, today the political voice of labor and working families faces the prospect of being silenced. Frankly, big business has the economic leverage to elect candidates who put the interests of corporations first. Corporations outspend labor unions 17 to one in lobbying efforts and other types of political involvement. We have to support labor organizations, so that they have a fair chance to support the candidates who will amplify the voices, views and concerns of the worker and working families.

Unfortunately, in Washington, DC, too much time and energy is focused on controversy, personalities, and political rhetoric. The everyday struggles of working families are often glossed over and shifted to the back burner. Or worse yet, under the guise of reform turned inside out, further limiting and stripping the worker of the limited rights they today hold. It is time to do the right thing, by respecting laborers and their rights, and truly listen to their concerns. On this day, the day for workers to make their voice heard, I speak for Minnesota working families, and working families across the nation, to recognize and support the right to organize. I encourage all of my colleagues to consider the successes and heartaches of those who are trying to join together in this crescendo to make their voices heard.

VETERANS TOBACCO TRUST FUND ACT OF 1998

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Florida (Mr. STEARNS) is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Mr. Speaker, this morning I want to talk about a very important issue that affects all of our veterans. There has been a great deal of discussion about veterans and tobacco-related illnesses. My purpose this morning is to acquaint Members with legislation I plan to introduce this week.

Mr. Speaker, the measure I intend to introduce is entitled the Veterans Tobacco Trust Fund Act of 1998. What this would do is guarantee that a portion of any funds that are received from a national tobacco settlement law, if it occurs, be dedicated to health care for veterans. Very simple.

Many might argue that not one veteran was coerced into smoking. My response to that assertion is that many

young men were exposed to tobacco for the first time when they entered the military service. Free cigarettes were provided to them and thus a habit was started during that time of service.

We must ensure that any man or woman who became addicted and consequently developed health problems due to the consumption of tobacco must be given the health care they were promised when they enlisted to serve this country.

My bill would establish a trust fund to be known as the Veterans Tobacco Trust Fund, providing that if a tobacco settlement is enacted, then $3 billion would be credited to the trust fund. The funds would be made available to the Secretary of Veterans Affairs to furnish medical care and to conduct medical research, rehabilitation research, and health systems research related to tobacco addiction.

□ 0915

I also want to clear up an issue which has caused a great deal of consternation among the veterans and here on the House floor. I am referring, of course, to the recent vote we had on H.R. 2400, the Transportation Equity Act.

First, let us be clear on how this evolved. This was proposed by the Clinton administration in the fiscal year 1999 budget, VA budget, in which the President requested that VA disability benefits for tobacco-related illnesses be repealed. I opposed the President's proposal and its inclusion in H.R. 2400, the Transportation Equity Act for the 21st century. I voted for the Obey amendment that sent H.R. 2400 back to conference and to instruct the conferees to remove the language reducing service-connected disability compensation to veterans for smoking-related illnesses. Unfortunately this motion was defeated.

I also joined the gentleman from Arizona (Mr. STUMP), chairman of our Committee on Veterans' Affairs, in sending a letter to the Speaker and to the minority leader, the gentleman from Missouri (Mr. GEPHARDT), voicing strong opposition to any provision that would offset veterans' benefits to pay for other programs.

Regrettably, we were not successful in our effort to prevent the administration's proposal to repeal VA disability compensation benefits for tobacco-related disabilities from being passed in part of H.R. 2400. However, we did prevail in providing benefit increases for veterans going to college on the GI bill, severely disabled veterans needing modifications for automobiles or their homes, and widows of veterans who died from service-connected disability.

As chairman of the Subcommittee on Health, I am committed to finding the funds to compensate the VA for the cost of providing health care for them, including smoking-related illnesses. That is why I developed the Veterans Tobacco Trust Fund Bill, so that funding will be made available should a national tobacco settlement be enacted into law.

Mr. Speaker, I urge my colleagues to join me in my efforts to help our Nation's veterans and sponsor my bill.

ADOPT A RELIGIOUS PRISONER IN VIETNAM

The SPEAKER pro tempore (Mr. SHIMKUS). Under the Speaker's announced policy of January 21, 1997, the gentlewoman from California (Ms. SANCHEZ) is recognized during morning hour debates for 3 minutes.

Ms. SANCHEZ. Mr. Speaker, I rise today to urge my colleagues to participate in the Adopt a Religious Prisoner in Vietnam Campaign, sponsored by the Hoa Hao Buddhist Church of Southern California. Religious believers around the world often suffer abuses, including beatings, tortures, extended incarceration and, yes, even death at the hands of their government, unless their leaders intervene.

As Members of Congress, it is our responsibility to highlight the ongoing repression against religion in Vietnam and the plight of many clergy members and lay leaders who are being detained because of their faith. Reports show that the Hoa Hao Buddhist Church continues to be suppressed. All religious activities and ceremonies are prohibited. Assembly of more than three persons is forbidden, and all assets and properties are being confiscated.

Religious expression is a fundamental right of all people, both here and abroad, and I believe that we should do all we can to affirm this principle. For too long, imprisoned people of faith have been forgotten. With Members of Congress adopting prisoners, we can successfully advocate for religious prisoners suffering persecution at the hands of the Vietnamese government. I adopted Mr. Tran Huu Duyen and Mr. Nam Liem to raise awareness among U.S. decision-makers and the public about religious repercussion in communist Vietnam. What crimes did these men commit to suffer such hard prison sentences?

Mr. Liem is a 58 year old Buddhist priest who practices religion at a small family temple in Vietnam, and since 1975 he has been arrested and detained by the communist authorities over 50 times for having refused to abandon his religious practice. To date, he has not been released from prison.

After the Communist takeover, Mr. Huu was arrested and charged with plotting to overthrow the people's government, for participating in a political party that was affiliated with the church. Mr. Huu is last known to be in a labor camp in Xuan Loc and, despite his 78 years of age, he is still forced to do hard labor 8 hours a day.

By adopting these prisoners, Members of Congress can generate constant pressure on the Vietnamese authorities to release these religious leaders from detention and to truly respect freedom of religion.

SPENDING BY GOVERNMENT BUREAUCRATS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Tennessee (Mr. DUNCAN) is recognized during morning hour debates for 5 minutes.

Mr. DUNCAN. Mr. Speaker, the Washington Times reported last week that Carol Browner, head of the EPA, had led a junket to Paris at a cost of $60,000 to the American taxpayers. Of course, surely this was done to go to some very vital environmental meetings.

Well, no. This trip was made so she and some of her friends could go to the World Cup soccer games, a $60,000 vacation at the expense of the taxpayers for Carol Browner, our environmental administrator. Five-thousand-dollar first class round trip airfares, $300-a-night hotel rooms and then, of course, as is so often the case with this administration, they cannot take these fancy trips without big campaign contributors.

One guest on this trip was Hassan Nemazee, an Iranian American. Hassan Nemazee has contributed at least $125,000 to the Democratic National Committee in recent years and no telling how much to individual Democratic candidates or other committees. Democratic fund-raisers have now sold nights in the Lincoln bedroom, Commerce Department trips, even nuclear technology in return for campaign contributions. You have to wonder how much they will try to make out of the upcoming or the next Olympic games in Australia.

On another and even more wasteful topic, a GAO report released last month said the cost of the space station has now gone up to $96 billion, over five times the original cost estimates. Today the publication Congress Daily says, ''Recent reports from the GAO and the Cost Assessments and Validation Task Force on the space station have left even its biggest supporters acknowledging that problems with costs and Russian participation need to be addressed.''

Also Congress Daily reports in the article today that the space station will likely be 2 years behind schedule, with each one month of delay costing $100 million. Congress Daily reports today that the space station will likely be 2 years behind schedule, with each month of delay costing $100 million for a program that is already over five times its original cost estimate.

Each day, every day here in Washington we hear about horrible examples of waste, fraud and abuse.

A few months ago it was reported that there was $23 billion, $23 billion with a ''B,'' in waste and fraud in the Medicare program, $23 billion. The entire State of Tennessee, our entire government in Tennessee does not spend that much in a year and a half for education and everything else that the State does. It does not spend as much

as the Medicare program has wasted in just one year.

We recently were told about the National Park Service spending $584,000 per home to build 18 houses, 18 houses for its employees in the Yosemite National Park. One of these homes cost $700,000; $584,000 for homes for employees of the National Park Service.

It is amazing, Mr. Speaker, what Federal bureaucrats can justify or rationalize for themselves. The American people should realize that any money they send here to Washington to our Federal Government will be spent in the least economical, least efficient, most wasteful way possible. It is amazing, Mr. Speaker, what government officials and bureaucrats will do when they are spending other people's money.

THE IMPORTANCE OF THE LABOR MOVEMENT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentlewoman from California (Ms. ROYBAL-ALLARD) is recognized during morning hour debates for 4 minutes.

Ms. ROYBAL-ALLARD. Mr. Speaker, we must never forget a time in our country when American workers were forced to toil in appalling conditions, earning pitifully low wages, a time when men, women and, yes, even our children labored under hazardous conditions even during 12 hour work days without breaks or sick leave. If they were injured or dared to complain about these injustices, they risked losing their jobs.

Today, thankfully, we have a minimum wage, an 8 hour workday, sick leave, health and safety protections, workers' compensation and unemployment insurance, overtime pay, Social Security, pensions and the right to organize.

These hard-won protections may never have been realized without the heroic efforts of organized labor. For it was organized labor that led the campaign to provide free public education to all our Nation's children. And it was organized labor that was a leader in helping to pass landmark legislation such as the Civil Rights Act of 1964, the Equal Pay Act, the Occupational Safety and Health Act and the Age Discrimination Act.

As a result, all Americans benefited. That is why, Mr. Speaker, when a ballot initiative in California threatened labor's very existence, voters stood with our unions. On that June 2nd election day, approximately 25,000 volunteers walked precincts and staffed phone banks, turning out California voters in record numbers, and they defeated Proposition 226, the so-called paycheck protection initiative.

The defeat of this antiworker initiative is not only a triumph for California workers but for working families across America.

By defeating Proposition 226, California voters sent a resounding message that the voices of working families will not be silenced. And so will the rest of the country when similar initiatives around the country and in Congress are introduced, because each day every American benefits from the legacy of labor's invaluable achievements.

Mr. Speaker, Americans have a duty to preserve not only these hard-won gains but labor's ability to advocate for working Americans today and in the future.

THE YEAR 2000 PROBLEM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Washington (Mr. METCALF) is recognized during morning hour debates for 5 minutes.

Mr. METCALF. Mr. Speaker, right now it is about 6:30 a.m. on the West Coast. Imagine if you are waking up and for some reason the power is off and your alarm did not ring. The toaster will not work and the TV will not turn on. The faucet and shower are not working either. Your car pool did not show up and the phone will not work to call in late. Even your cell phone is not working.

The streets are a mess because the street lights are out and, as you stop at the bank, your cash machine says your balance is zero. Beyond that, your flight to Chicago has been canceled. In fact, all flights are canceled, and you finally realize that it is going to be a really bad day.

The year 2000 problem is real. In less than 15 months, we will face a different world. Not only will it be a new millennium but the effect and power of computers running every part of our lives may be more real than ever imagined.

□ 0930

Simply put, the year 2000 bug or Y2K, as it is called, if not corrected could, at worst, lead to catastrophic scenarios and, at best, to major inconveniences.

This body has held hearings on this issue. Research studies have been written. The media has been heralding Y2K. Yet, even though we have seen this problem on the horizon for many years, most governmental agencies are not even close to being compliant regarding the myriad of possible commuter mishaps that will come at midnight on December 31, 1999.

The gentleman from California (Mr. HORN) has done excellent work in his report on Y2K. His findings and his grading system of the public sector are troubling. Yes, he graded the Federal agencies just like students. His findings and his grading of the public sector are very troubling.

Over all, the administration gets an ''F'' for Y2K preparedness. As a teacher in my life before Congress, I can relate to a grading system. First, students do not like to have their grades waived in front of the class, let alone the whole Nation, but like careless students who procrastinate, a test is in place to check on progress.

Frankly, I found the grades for the recent test of the gentleman from California (Mr. HORN) for Y2K compliance for government agencies clearly abysmal. Since the taxpayers are the financial supporters of these agencies, I think it is appropriate to take a look at a few grades.

The Department of Defense, which oversees the largest nuclear arsenal in the world, run in large by computers, gets a ''D''. The Environmental Protection Agency, this famous organization which monitors the cleanliness of our water and air, gets a failing ''F''.

The Department of Education, the agency that should be setting a good example for students, is getting an unsatisfactory ''D'' in computer compliance. The Department of Energy, regulating everything from nuclear plants to hydroelectric dams is failing miserable with an ''F''.

The Department of Transportation, the agency that has direct oversight over the Federal Aviation Administration and their control of the skies and airplane traffic, is getting an ''F''. This really concerns me. I fly a lot. These are just a handful of the grades.

While some progress is being made, serious vulnerabilities still remain. The administration with its departments and agencies must be able to provide the American people with a sound plan to deal with Y2K. The unfortunate truth is that the final test is coming in 18 months. If we fail, we cannot just go back and retake the class. We can only live with the circumstances.

ALL AMERICANS BENEFIT FROM ORGANIZED LABOR

The SPEAKER pro tempore (Mr. SHIMKUS). Under the Speaker's announced policy of January 21, 1997, the gentleman from Pennsylvania (Mr. MASCARA) is recognized during morning hour debates for 2 minutes.

Mr. MASCARA. Mr. Speaker, I rise to praise the hard work and efforts that organized labor has given to this country during the past century. These organized groups of men and women from all walks of life are the backbone of the economic foundation of this great country.

Some may argue that the creation of our great American middle class just happened. No. It was built on the backs of working men and women who belong to labor unions. All workers, including nonunion and white collar workers, were given the same benefits fought for by workers who organized and participated in the collective bargaining process.

All Americans benefited. They benefited by having better wages, safety in the workplace, health care benefits and pensions. These benefits, as well as improved working conditions, are now under assault in this country. All workers in this great Nation should join together this week and support a day to make our voices heard.

We must protect the strides we have made during the last half century. We must never go back to the days of deplorable working conditions. Never.

THREE REPORTERS BANNED FROM PRESIDENT'S CHINA TRAVELS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Florida (Mr. MICA) is recognized during morning hour debates for 5 minutes.

Mr. MICA. Mr. Speaker, I am here this morning with three empty chairs, and I would like to talk about the President's visit to China. Not since Genghis Kahn led hordes of warriors across the Asian plains has China been invaded by a larger political entourage than President Clinton leads this week.

Accompanying him, at taxpayer expense, will be hordes of aides, staff, military, press, and spinmasters. It is reported that more than 1,200 individuals will accompany the President, and fleets of jumbo jets will transport scores of personnel and equipment across the Pacific.

More than six limousines and dozens of vehicles will be shipped to China to add comfort and security for the President's entourage. But what will not be a part of the President's China visit, Mr. Speaker, are three journalists, three U.S. journalists. I have them symbolized by these three empty chairs up here at the well this morning. Three empty chairs.

Three journalists from Radio Free Asia will not be going to China. There will be three empty seats. Three journalists from Radio Free China will have had their visas denied and revoked by Chinese officials just within the last few hours. It is an outrage on the eve of our President's visit that legitimate journalists covering this visit will be barred from reporting this event for Radio Free China.

There will be three empty seats. As this headline today declares, ''Beijing pulls visas of three U.S. reporters,'' we see these three empty seats that signify those journalists who will not be covering this event.

As someone who has advocated a free trade policy towards China in an effort to secure a more free and open China and a free press for the Chinese, I and many others, again, have been betrayed.

If these reporters were allowed to go, they would certainly cover a lavish banquet at the Great Hall. What they would not report, if they could attend, would be the unjust imprisonment of Chinese, such as teacher Lee Hi; and that is reported in today's Washington Post. I commend that to my colleagues.

Lee Hi, a 44-year-old former teacher at a Chinese medical college is serving a 9-year sentence in Beijing's prison. His crime: assembling a list of people jailed for taking part in pro-democracy demonstrations in Tiananmen Square in 1989 from the Beijing area alone. He documented more than 700 in prison. And 158 of those, mostly workers rather than students, received sentences of more than 9 years and are presumed still held. While President Clinton and the Chinese President dine on a sumptuous meal, Lee Hi and others will rot in Chinese prisons.

Mr. Speaker, without a free press and without freedom for political dissidents, we have, in fact, empty chairs, and we have, in fact, an empty policy towards freedom of dissent in China.

SUPPORT THE BRADY BILL, ORGANIZED LABOR AND AFFIRMATIVE ACTION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized during morning hour debates for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, there are a number of issues that I would like to discuss this morning, and I hope sometimes that we can read the writing on the wall. It should not be a surprise to America that the Brady bill lives and works.

In a report by the Department of Justice, we have determined that the Brady bill, the 7-day waiting period that caused such consternation and controversy, has prevented some 70,000 persons from illegally obtaining guns in America.

When every day 14 children are killed by guns in homicide cases totaling 5,110 per year, it seems that the least this Congress could do is listen to common sense and support the continuity, the renewal of the Brady bill.

Yet, now we are facing its extinguishing with something on the order of an instant check. Oh, an instant check with computers may be viable, except some might say the year 2000 provides a strange possibility. But I believe the Brady bill, with the 7-day cooling off period, is something that America needs.

More importantly, I believe that America needs less guns and not more guns. The old story of ''guns do not kill, people do'' is really getting too old. People and guns do kill. Over the last couple of months, we have seen what youth and guns can do.

The Brady bill is an important legislative initiative that should be continued. Mr. Speaker, I hope that we have enough common sense to continue the Brady bill and give it extra life to protect the lives of our children and our families in America.

Why not? Why would the National Rifle Association want us to extinguish the Brady bill so that we can continue to extinguish more available lives in America? Wake up, America. Call in and support the continuity and the continuation of the Brady bill.

Mr. Speaker, I also wanted to speak this morning to those hardworking men and women who work with organized labor. For some reason, we have discounted the historic place in history that they have gained. We have discounted all of the work that they have done to create better working conditions, safer conditions, and better working hours.

We have discounted the kind of benefits that they have gotten for working men and women, things like good wages and child care. And the tragedy of Proposition 226, when the right side of California, meaning the right perspective, the wrong perspective was trying to extinguish the union's right to organize.

In my State of Texas, in the Houston area, I pay tribute to those workers who have been locked out of Crown Petroleum for over 2 years. All they want is a good place to work and fair working conditions.

What do you think would happen to those families if they did not have organized labor to prop them up to provide them with some minimal income while they are fighting with those who do not believe in justice in the workplace? I support organized labor and its effort to create better working conditions for all of America.

We asked the question what would we be like if we had those kinds of hours, bad working conditions, and poor wages. I think if America thinks for a moment, they would applaud organized labor, and thank them for the hard work they have done, and talk to those who put them in a negative light. Let us support them tomorrow as they move forward on a day of commemoration and appreciation.

Finally, Mr. Speaker, let me cite a story that was in the Wall Street Journal, a Pulitzer Prize winning article that talked about a senior who had made great strides in overcoming his neighborhood that was drug addicted.

An African American youth who was described as living in a country within a country, places where many of us did not experience in growing up, stepping over drug dealers and drug deals as he forced his way to school, being teased because he got good grades.

He is now an emerging senior at Brown University, but he had a 960 SAT. For those who know those scores, you realize that those are not the scores that would be attractive for a place like Brown University.

But do you know what? He was also a recipient of the policy of affirmative action. So you see, it does not really matter whether or not we have made the great strides. Affirmative action is still needed in this Nation.

As an African American, I am a product of affirmative action, but I did not graduate on affirmative action. I am sick and tired of hearing the attack against lacking the need for affirmative action, California's Proposition 209. We defeated Proposition A in Houston Texas; the initiative in the State of Washington.

Why does America not wake up? We do better if we work together and not work against each other. Yes, there are still populations in this country that need affirmative action. Do they graduate on it? Do they continue living on it? No, they do not. It is just an opportunity. Let us support affirmative action and opportunity.

SOCIAL SECURITY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from Michigan (Mr. SMITH) is recognized during morning hour debates for 4 minutes.

Mr. SMITH of Michigan. Mr. Speaker, the gentleman from Minnesota (Mr. MINGE), a Member of Congress, and I have introduced a bill, H.R. 4033, that deals with some of the mistakes I think that we have been making regarding Social Security and how we calculate and how we treat the money that government borrows from Social Security, that we borrow from the Social Security Trust Fund, and then spend that money on other programs.

The legislation accomplishes two objectives. First of all, we say that from now on, when the general fund or the government borrows from the Social Security Trust Fund, instead of the blank IOUs, in the future it will be required that we have marketable Treasury bills.

□ 0945

Right now what happens is when there is a surplus coming in from Social Security, and Social Security is a pay-as-you-go program, so existing workers pay in their Social Security tax, immediately that is sent out to existing retirees. Anytime there are more revenues coming in than what is paid out in benefits, it goes into what is called the Social Security trust fund. It is not really a trust fund, though. It is simply considered and treated as additional revenue for the general fund to spend on other social programs.

Number one, what we say in this legislation and what we are proposing is that these become marketable treasury bills that the Social Security trustees can walk around to the corner, to the nearest bank, anyplace, and if they need that money to pay benefits, they can do it without coming and begging to Congress to pay back the money that has been borrowed.

The second thing that we do in that bill is say that from now on when we talk about deficits and surplus, we are not going to consider the extra money that is coming in from Social Security, that goes into the Social Security trust fund and is spent on other programs, as revenue in terms of deciding whether we have got a deficit or surplus in this country. Right now we hear a lot of bragging about the fact that we are going to have a surplus, a surplus in the unified budget that might be as high as $60 billion, $70 billion this year, maybe up to $100 billion next year. But because we are borrowing that $70 billion to $100 billion next year from the Social Security trust fund, it is not really a surplus.

So we say from now on, when OMB and CBO scores whether or not we have a deficit or surplus, we are not going to consider the amount that we borrow from the Social Security trust fund as revenue in terms of pretending that we really have a surplus in this country. I think it is important that we be visible.

I have got a letter from Chairman Allen Greenspan, Chairman of the Fed, that says, ''Look, what's important is that we have transparency, that there is a clear understanding of what is happening in this country.''

I suggest, Mr. Speaker, and I suggest to the American people that there is not a clear understanding as we brag about a surplus when we are depending on the amount that we are borrowing from the Social Security trust fund as revenue to justify in our calculations that there really is a surplus.

I just quote from Allen Greenspan:

> On the first issue, my basic point would be that the financial markets of switching from investments in nonmarketable to marketable treasuries have little or no effect.

It is important that we be transparent, it is important that we be honest with ourselves in the way we calculate these surpluses so that we can make real and honest policy decisions.

FEDERAL RESERVE SYSTEM,
BOARD OF GOVERNORS,
Washington, DC, June 18, 1998.

Hon. NICK SMITH,
House of Representatives, Washington, DC.

DEAR CONGRESSMAN: I am pleased to respond to your request for my thoughts on the bill you have drafted, H.R. 4033, which would direct the investment of social security trust funds to marketable securities and require that budget surpluses or deficits be reported net of social security flows.

On the first issue, my basic point would be that the financial market effects of switching from investments in nonmarketable to marketable Treasury securities should not be significant. The crux of this matter is that it is the net borrowing requirements of the federal government, on a consolidated basis that encompasses the trust funds, that are key in terms of pressures in financial markets. If the trust funds were simply to purchase marketable rather than nonmarketable securities, the net borrowing from the public would remain the same. Under the circumstances, the question would seem to boil down to a matter of which approach is most attractive in terms of dealing with the technical problems of public debt management.

The preceding remarks effectively anticipate what I would have to say about the second issue regarding accounting. A unified budget concept that encompasses the net flows into or out of the trust funds most effectively captures the short-run influence of the government's fiscal activities on the financial markets and the economy. From this standpoint, it would not be desirable, to my mind, to suppress the unified accounts. On the other hand, a budget accounting that separates out social security receipts and outlays may provide an insight into the longer-term financial condition of the federal government that would be helpful in the planning and policymaking process. As with many issues in accounting, the one-size-fits-all approach is likely to be suboptimal. What is important is that the relevant information be presented in as transparent a fashion as possible, so that eveyone can appreciate the financial consequences of policy actions.

I hope that these comments are helpful. Please let me know if I can be of further assistance.

Sincerely,

ALAN GREENSPAN,
Chairman.

WORKERS' RIGHT TO ORGANIZE

The SPEAKER pro tempore (Mr. SHIMKUS). Under the Speaker's announced policy of January 21, 1997, the gentleman from Massachusetts (Mr. NEAL) is recognized during morning hour debates until 9:50.

Mr. NEAL of Massachusetts. Mr. Speaker, it is important for me to stand here this morning and to recognize the significant influences that unions have had on our local communities. The ability and the right of workers to organize across this Nation have allowed for the most basic civil rights to be upheld. Equal opportunity and treatment, freedom of speech and certainly freedom of assembly.

It is imperative that we as a Congress, acting on behalf of all citizens in this Nation, safeguard the right of workers to organize and to reap the benefits of union membership that have been given to generations in the past. This booming economy that we are now experiencing will only continue to be stimulated by an expansion of unionized workers. However, some employers have used threats of harassment, intimidation and coercion to deter employees from making the choice to join with their coworkers to form unions and, yes, to bargain collectively. Such activity cannot and should not be allowed to continue. It contradicts the core foundations of our democracy.

Unions provide for and ensure equality, stability and security in the workplace. Unions guarantee that the voices of employees, regardless of their level of seniority, educational background or level of expertise, all are heard by employers. Unions afford each worker with a means to resolve disputes and to participate in the decision-making process in their workplace.

It is hypocritical for Congress to fight on behalf of human rights violations worldwide without recognizing the human and civil rights violations that are committed by some employers in America. The right to organize must be observed by all employers, and fear of reprisals against workers must be eradicated. No individual should ever fear losing his or her economic existence merely for expressing an opinion or by association.

The right to organize, the right to collective bargaining, are basic and accepted by the broad mainstream of this Nation. The success that unions have had have helped to lift all of us in America. We recognize these basic rights today and give thanks for the good work that unions have accomplished across America.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 10 a.m.

Accordingly (at 9 o'clock and 50 minutes a.m.), the House stood in recess until 10 a.m.

□ 1000

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. HAYWORTH) at 10 o'clock.

PRAYER

Reverend Mike Coleman, Pastor, Park Methodist Church, Hannibal, Missouri, offered the following prayer:

Let us pray.

Almighty God, who governs the world in righteousness and whose judgments are true and righteous altogether, grant that those who rule over our land and who legislate for us, its citizens, may be of one mind in order to establish true justice and to truly promote the general welfare of all our people.

As You, God of Eternity, anointed leaders and called-forth prophets of old, bring to us again Your spirit which makes holy, and call forth from this august assembly today newly-dedicated prophets and newly-determined leaders who will deliver Your message of truth and not just their own.

Lead us to recognize those true representatives and authentic leaders as men and women who walk with You, who love Your people and can walk with them, who empathize their pain and share their joys, who dream their dreams and strive to accompany them in their common goal.

In Your fire and with Your spirit embolden and commission we the people to empower these, our nationally-elected officials, to serve in ways that bring real glory to Your name.

Endow each of these, our representatives, with a right understanding, a pure purpose and a sound speech. Enable them to rise above all self-seeking and party zeal to the nobler concerns of public good and human brother- and sisterhood.

Cleanse our public life of every evil, subdue in our country all that is harmful, and make us to be a disciplined and devoted people, that we may do Your will on Earth, as it is done in heaven.

We ask these things, O God, in the name of Jesus, Your Son, the Christ. 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 Georgia (Mr. KINGSTON) come forward and lead the House in the Pledge of Allegiance.

Mr. KINGSTON 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.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain 15 1-minutes from each side.

PASTOR MICHAEL COLEMAN

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

Mr. HULSHOF. Mr. Speaker, today I would like to commend the Reverend Michael Coleman, known as Pastor Mike to his parishioners. This morning Pastor Mike opened the United States House of Representatives with his blessings, and we are thankful that the people of Park Methodist Church in Hannibal, Missouri, were nice enough to share him with those of us here in Washington. It is wonderful to hear him spreading the good news.

Pastor Mike has a reputation for bringing folks together, not just Democrats and Republicans, but communities as well. When he served as president of the Ministerial Alliance in Hermann, Missouri, Pastor Mike led an evangelistic crusade that united churches and aided folks in the recovery of their spirit from the 1993 great flood of the Missouri river.

Pastor Mike was designated the Interfaith Regional Disaster Flood Coordinator, and built a team that included churches working along with the local rural mental health center in dealing with clean-up efforts, with the repair and placement of necessities as well as the emotional care of those who were suffering with post-traumatic stress. This was accomplished as a variety of churches and workers came to the area from all across the country, as they did in many communities.

I would like to thank, Mr. Speaker, Pastor Mike, his wife, Nancy, his daughter, Abi, for taking time out of their busy schedules to visit the Nation's Capital. It is a honor to have Pastor Mike bless the floor of the U.S. House of Representatives.

REGARDING THE PRESIDENT'S EXECUTIVE ORDER ON AFFIRMATIVE ACTION PROGRAMS

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

Mr. DELAY. Mr. Speaker, there he goes again. The President of the United States is trying, once again, to go around the American people to implement his liberal agenda. He signed an executive order that greatly expands affirmative action programs in the Federal Government to include sexual orientation as a protected class.

Now most Americans believe that every human being has basic rights, including the right to life, liberty and the pursuit of happiness, but why should someone's sex life be a reason for special status in our government?

Mr. Speaker, the President is out of touch with the American people. The American people do not want quotas, they do not want special preferences, and they certainly do not want affirmative action based on sexual orientation.

Like the President's efforts to put homosexuals in the military, this executive order should be resisted. The American people stand for fairness, not for special breaks for special interests.

THE RENOVATION OF LINCOLN ELEMENTARY SCHOOL

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

Mr. ROEMER. Mr. Speaker, Robert F. Kennedy once said when one of us prospers, all of us prosper, and where one of us falters, so do we all.

Over the weekend in my hometown of South Bend, Indiana, we all succeeded and prospered. That is because our local community came together. Inspired by former coach Digger Phelps, the Rotary club organized a renovation of a local school. We raised $200,000. J.V. Peacock and Tom Forsey did all the organization with this local Rotary Club, and 700 volunteers descended on a school to renovate, refresh and renew a local school.

I commend my local community for this modern-day old fashioned barn raising or refreshing of a local school, I commend this effort at the local community and give them all the credit in the world. This was not a Federal program, this was locally driven, and I hope many other school districts and congressional communities will replicate this fine example of local commitment to our public education system.

SALUTING LOCAL EDUCATION PROGRAMS

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

Mr. ROGAN. Mr. Speaker, as we work to strengthen education, I wish to spotlight a few schools in my district that have made great strides for our children.

Every year the California Department of Education recognizes schools from across the State that have established a successful track record. Of the 5,000 elementary schools in California, only 200 receive the California Distinguished School award. I am pleased to report that this year four of those schools are in my district.

While Hamilton, Paradise Canyon, Thomas Edison and Ralph Waldo Emerson Elementary Schools each serve different school districts, one thing remains the same. They are all finding innovative ways to meet the needs of local students.

The Distinguished School Award does not come easily. Schools must first submit to a rigorous application process, endless meetings with State and local officials, and have parents, teachers and even students consulted by a nominating committee. This process encourages schools to develop innovative curricula and increases local involvement.

When it comes to success stories in education, I am proud to be able to look no further than my own district.

REPUBLICAN LEADERSHIP'S POSITION ON TOBACCO AND MANAGED CARE: DO NOTHING

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

Mr. PALLONE. Mr. Speaker, working families in America have been told that soon the Republican leadership of the House will unveil proposals to address the crises of teen smoking and managed care. I do not know why America and the press have to wait for some grand unveiling. If my colleagues want to know what the Republican leadership's position is on tobacco and managed care, just read the position papers of the tobacco companies and the insurance industry. If my colleagues want to see the tobacco policies of NEWT GINGRICH, just turn on TV and they will see $50 million worth of tobacco ads which the Speaker fully endorses.

Any new legislation Republicans will lamely attempt to pass off as responsible domestic policy has the stamp of approval of big tobacco and the wealthy insurance industry, which means that it will do nothing.

The gentleman from Georgia (Speaker GINGRICH) and the Republican leadership are so dependent upon special-interest money, all they manage to do is ratify the status quo. Tobacco companies will still be allowed to peddle their poison to our kids, and American working families will still be trapped in inadequate health care plans.

CONGRATULATIONS TO COACH TOM PILE AND THE EDWARDSVILLE TIGERS BASEBALL TEAM

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

Mr. SHIMKUS. Mr. Speaker, after 18 successful years with the Edwardsville High School Tigers, Coach Tom Pile is retiring from coaching baseball. He has never won fewer than 20 games in a season, and his teams have made five State tournament appearances. In 1994 he was elected to the Illinois High School Coaches Association Hall of Fame. Even better, Coach Tom Pile is going out on top. Just recently his Tigers won the Class AA Baseball Championship, being the first Illinois Class AA team to finish with a perfect undefeated season, 40 and 0.

While Coach Tom Pile is a constituent of mine, his daughter, Elizabeth Pile, is on the staff of our colleague, the gentleman from Illinois (Mr. COSTELLO).

Congratulations to the Edwardsville Tigers baseball team for a championship season, and especially Coach Tom Pile for a great coaching career and a great daughter.

THE GREAT SATAN IS TURNING INTO THE GREAT SUCKER

(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, Russia wants another $10 billion, and President Clinton says, ''Okay with me,'' even though the last $10 billion was stolen.

That is right. Russian leaders said, and I quote, ''It's missing.''

In the words of Marvin Gaye, my colleagues, ''What's going on?'' Russian leaders steal our money, and then with our money they build nuclear reactors in India against our wishes. Then with our money they build missiles and then sell the missiles to Iran who refers to Uncle Sam as ''The Great Satan.''

Let me say this, Congress. If we give these people another $10 billion, Uncle Sam will not be called Great Satan any more. We will be known as the Great Sucker all around the world. Ronald Reagan must be absolutely sick to his stomach today.

ART COMPETITION WINNER

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

Mr. PITTS. Mr. Speaker, I rise today to talk about art.

Today over 300 high school students from around the country will be recognized for their artistic abilities. It is my pleasure to recognize Grace Denenno, a student at Henderson High School in West Chester, Pennsylvania, as the winner from the 16th Congressional District of Pennsylvania of the congressional ''An Artistic Discovery'' program. Grace is here right now in the gallery with her parents.

Grace's entry entitled ''Hey Babe, Happy Birthday,'' is a black and white pastel work that draws one to it through its expert application of shades and shadows. It is an example of God-given ability nurtured by the love of her craft. It is an example of what happens when students are allowed to pursue their talents.

I encourage each Member and visitor to our Capitol this year to view all of the art work on display in the corridor between the Cannon Building and the Capitol. They will not be disappointed.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair would take this time to remind all Members that it is against House rules to specify or refer to visitors in the gallery.

HOME OWNERSHIP OPPORTUNITIES FOR LOW-INCOME FAMILIES IN EL PASO

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

Mr. REYES. Mr. Speaker, I rise today to speak about an innovative program which provides remarkable home ownership opportunities for low-income families in El Paso. The Lower Valley Housing Corporation of El Paso has helped more than 300 families in my district. These are families with an average annual income of $13,000 or less, and it helps them to acquire their first homes through a private and public construction financing program.

Working with the USDA's Rural Development Fund, families pre-qualify for financing without down payments by agreeing to provide sweat equity. Each family is required to work on the construction of their homes and also their neighbors' by providing at least 65 percent of the labor.

Because of these do-it-yourself contributions, these homes cost only one-third of what the normal construction costs would be. The result is a move away from an expensive apartment rental to the pride of home ownership where families have equity and affordable payments as low as $300 a month for a $42,000 home.

This program is a model for the Nation. Families build strong communities, celebrate home-building skills and gain the pride of home ownership.

□ 1015

COMMENDING THE HARBIN CLINIC, ROME, GEORGIA

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

Mr. BARR of Georgia. Mr. Speaker, in 1897, William Pickens Harbin, M.D., later known as Dr. Will, accepted his brother's offer to join his surgical practice in Rome, Georgia.

Shortly after arriving in Rome in 1898 and borrowing money from his brother to begin his medical practice, Dr. Will left Rome to accept a commission as acting assistant surgeon in the United States Army during the Spanish-American War. He saved his military pay, repaid his brother's loan, and returned to Rome after the war in 1901.

The first practice location for the two Harbin brothers was on the second floor of the building at 206 Broad Street in Rome. Prospective patients would shout up from the sidewalk to learn if one or both doctors were in before walking up the long staircase. The cost of an office visit was usually $1 and home visits ranged from $2 to $3.

Mr. Speaker, today the Harbin Clinic staff includes 112 physicians, representing 27 medical specialties. This Sunday, the 28th of June, 1998, they will hold a ceremony in honor of the clinic's 50th anniversary.

I am proud to salute the Harbin Clinic for all it does to serve our community and heal our citizens.

MANAGED CARE REFORM NOW

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

Mr. GREEN. Mr. Speaker, it is time to bring managed care reform legislation to the floor. The quality of medical care for our citizens has declined considerably, and it is time to act now. Some patients are not getting the best medical care possible.

Medical decisions are being made by insurance company bureaucrats, not by medical providers. If you are badly injured or severely ill, you should not have to worry about your insurance coverage. Patients should be able to obtain quality health care, whether or not they have acquired preauthorization for emergency room treatment.

We need to focus on an anti-gag rule, which allows physicians to talk to their patients, an external-internal appeals process, employee choice of insurance, access to specialty care and decision-maker responsibility, which will make the managed care plan that authorizes or fails to authorize health care procedures, be as accountable as medical providers.

Managed care is not inherently bad, but I do believe protections are needed immediately to protect the American people.

AN OUTRAGE AND AFFRONT TO DEMOCRACY

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

Mr. HUTCHINSON. Mr. Speaker, on the eve of the President's visit to China, we learn that the Chinese Government has pulled the visas of three U.S. reporters who work for Radio Free Asia and had planned to cover the President's trip. Mr. Speaker, this is an outrage and an affront to democracy.

Today, an expert in Asian studies at George Washington University said in the Washington Post, ''In the end, the Clinton visit is much more about symbolism than substance.'' Well, if that is the case, then we are sending the wrong signals if we stand idly by and tacitly cooperate in this denial of freedom for these three reporters for Radio Free Asia.

The President frequently uses Radio Free Asia as an example of how the United States should push China to improve human rights without using trade sanctions. It is now time, Mr. Speaker, to put actions with our words. We should stand with our reporters, and if the voice of democracy in Asia cannot travel with the President, then the President should not travel.

ENSURING FREEDOM OF SPEECH AND FREEDOM OF ASSEMBLY

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

Mr. VENTO. Mr. Speaker, a strong labor movement helps all Americans. It is our job as elected leaders to ensure that national and state laws allow our constituents to enjoy the fundamental values of democracy, freedom of speech and freedom of assembly.

That includes under the law and custom the long-honored right of workers to have a voice in wages and working conditions under which they labor. When workers are denied that voice, they no longer share in the wealth that they create. Health workers cannot afford to be treated at the clinics and hospitals at which they labor and autoworkers cannot afford to buy and drive the cars they make.

Congress needs to show support beyond voting positively upon labor issues. We can use our leverage and our role to help ensure that the rights and interests of American workers, the labor force, are advanced, that working families are accorded dignity and respect that indeed they deserve.

Moreover, we have the obligation to make sure that employers' policies and laws that shape this relationship are just and workable. Workers have a right to fully participate in the political arena. However, today, the political voice of labor and working families face the prospect of being silenced.

Mr. Speaker, I hope today we will listen to the voice of workers, as today they are speaking up for the rights they need and merit to participate in the free enterprise economy and gain a just reward for their labors.

IMPROVING THE TAX CODE

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

Mr. KINGSTON. Mr. Speaker, there are three things we need to do to our Tax Code these days: We need to reduce it, we need to simplify it, and we need to change the attitude of the IRS.

Last year Congress reduced taxes for the first time in 16 years. This time we are trying again by eliminating the marriage tax penalty. We also hope to reduce capital gains tax and end the death tax, or at least alleviate it.

We have, last week, passed a bill to end the Tax Code by the year 2002, with the hopes that that will open up the debate and set a deadline for moving towards a flat tax or a sales tax.

Finally, this week we will vote to change the attitude of the IRS in a very important major bill saying that you are innocent until proven guilty in matters before the IRS, and that is something that has never been the case in this country.

Three things that this party is going to do and this Congress is going to do: Reduce the Tax Code, simplify the Tax Code, and change the IRS's attitude.

SCANDAL OVER TECHNOLOGY TRANSFERS TO CHINA

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

Mr. TIAHRT. Mr. Speaker, recent reports that Loral Corporation may have given highly sensitive information to the Communist Chinese Government during April and May of 1996 and harmed national security are alarming, especially given India's decision last month to conduct nuclear tests, partly in response to China's role in helping Pakistan with its nuclear weapons program.

Then we find out that Bernard Schwartz, the CEO of Loral, was the largest single donor to the Democrat party during the 1996 election cycle. Loral, we know, was given a waiver by the Clinton administration in February of this year to export satellite technology to China, even though the Justice Department was in the middle of a criminal investigation of Loral for its last technology transfer.

Many people want to know if Loral was given a waiver because its CEO gave the Democrat party $632,000 in 1996, and, of course, that would be nearly impossible to prove. But the real scandal, the real scandal, is our policy of giving China dual-use technology that is used in their space program and their military programs, from computers, to machines, to tools, to rocket technology. That is the biggest scandal of all.

REALITY CHECK ON TOBACCO LEGISLATION

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

Mr. PETERSON of Pennsylvania. Mr. Speaker, it is time for a reality check. Our friends on the opposite side of the aisle claim they are not the party of tobacco.

The reality is that through the eighties and mid-nineties, the Democrats accepted 10 percent more money from the tobacco industry than did Republicans, according to Common Cause. The reality is that three out of five top tobacco PAC recipients in the House are Democrats, with the second biggest recipient being the Democrat minority leader.

The reality is that during the recent tobacco debates, our liberal friends took a Republican proposal and turned it into a $868 billion tax increase. Yes,

that is billions with a ''B.'' Additionally, that tax would have placed the heaviest burden on lower income Americans who earn less than $30,000 a year.

The reality is that the recent tobacco proposal would have done little to curtail teenage smoking, which was one of its original intents, and would have turned a number of trial lawyers into very rich people.

I join the Republican leadership to make every effort possible to curtail teenage smoking without massive tax increases. That is reality.

EDUCATION SAVINGS ACCOUNTS

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

Mr. GUTKNECHT. Mr. Speaker, an important measure was recently passed by this House that begins to liberate American families. Those of us who talk about values like faith, family and personal responsibility must pursue policies that reinforce those values.

Allowing families to save for their children's education through education savings accounts is one such policy. Fourteen million American kids will benefit from this program. Our friends on the left say that they know best how education dollars should be spent. We say parents do. This is one more chapter in the ongoing debate.

Mr. Speaker, we want to return power and resources from the bureaucratized Federal Government back to American families. The good news is American families are winning.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on the 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 vote, if postponed, will be taken later in the day.

DRUG-FREE WORKPLACE ACT OF 1998

Mr. SOUDER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3853) to promote drug-free workplace programs, as amended.

The Clerk read as follows:

H.R. 3853

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 ''Drug-Free Workplace Act of 1998''.

SEC. 2. FINDINGS; PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) 74 percent of adults who use illegal drugs are employed;

(2) small business concerns employ over 50 percent of the Nation's workforce;

(3) in over 88 percent of families with children under the age of 18, at least 1 parent is employed; and

(4) employees who use and abuse addictive substances increase costs for businesses and risk the health and safety of all employees because—

(A) absenteeism is 66 percent higher among drug users than nondrug users;

(B) health benefit utilization is 300 percent higher among drug users than nondrug users;

(C) 47 percent of workplace accidents are drug-related;

(D) disciplinary actions are 90 percent higher among drug users than nondrug users; and

(E) employee turnover is significantly higher among drug users than nondrug users.

(b) PURPOSES.—The purposes of this Act are to—

(1) educate small business concerns about the advantages of a drug-free workplace;

(2) provide financial incentives and technical assistance to enable small business concerns to create a drug-free workplace; and

(3) assist working parents in keeping their children drug-free.

SEC. 3. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) businesses should adopt drug-free workplace programs; and

(2) States should consider incentives to encourage businesses to adopt drug-free workplace programs. Financial incentives may include—

(A) a reduction in workers' compensation premiums;

(B) a reduction in unemployment insurance premiums;

(C) tax deductions in an amount equal to the amount of expenditures for employee assistance programs, treatment, or drug testing.

Other incentives may include adoption of liability limitation as recommended by the President's Commission on Model State Drug Laws.

SEC. 4. DRUG-FREE WORKPLACE DEMONSTRATION PROGRAM.

The Small Business Act (15 U.S.C. 636 et seq.) is amended by—

(1) redesignating sections 31 and 32 as sections 32 and 33, respectively; and

(2) inserting the following new section:

''SEC. 31. DRUG-FREE WORKPLACE DEMONSTRATION PROGRAM.

''(a) ESTABLISHMENT.—There is established a drug-free workplace demonstration program, under which the Administration may make grants, cooperative agreements, or contracts to eligible intermediaries for the purpose of providing financial and technical assistance to small business concerns seeking to start a drug-free workplace program.

''(b) ELIGIBILITY FOR PARTICIPATION.—An intermediary shall be eligible to receive a grant, cooperative agreement, or contract under subsection (a) if it meets the following criteria:

''(1) It is an organization described in section 501(c)(3) or 501(c)(6) of the Internal Revenue Code of 1986 that is exempt from tax under section 5(a) of such Act, a program of such organization, or provides services to such organization.

''(2) Its purpose is to develop comprehensive drug-free workplace programs or to supply drug-free workplace services, or provide other forms of assistance and services to small businesses.

''(3) It has at least 2 years of experience in drug-free workplace programs or in providing assistance and services to small business concerns.

''(4) It has a drug-free workplace policy in effect.

''(c) REQUIREMENTS FOR PROGRAM.—Any drug-free workplace program developed as a result of this section shall include—

''(1) a written policy, including a clear statement of expectations for workplace behavior, prohibitions against substances in the workplace, and the consequences of violating such expectations and prohibitions;

''(2) training for at least 2 hours for employees;

''(3) additional training for employees who are parents;

''(4) employee drug testing by a drug testing laboratory certified by the Substance Abuse and Mental Health Services Administration, or approved by the Department of Health and Human Services under the Clinical Laboratories Improvements Act of 1967 (42 U.S.C. 263a), or the College of American Pathologists, and each positive result shall be reviewed by a Licensed Medical Review Officer;

''(5) employee access to an employee assistance program, including assessment, referral, and short-term problem resolution; and

''(6) continuing alcohol and drug abuse prevention program.

''(d) EVALUATION AND COORDINATION.—The Small Business Administrator, in coordination with the Secretary of Labor, the Secretary of Health and Human Services, and the Director of the Office of National Drug Control Policy, shall evaluate drug-free workplace programs established as a result of this section and shall submit a report of findings to the Congress not later than 1 year after the date of the enactment of this section.

''(e) ELIGIBLE INTERMEDIARY.—Any eligible intermediary shall be located in a state, the District of Columbia, or the territories.

''(f) DEFINITION OF EMPLOYEE.—For purposes of this section, the term 'employee' includes—

''(1) supervisors;

''(2) managers;

''(3) officers active in management of the business; and

''(4) owners active in management of the business.

''(g) CONSTRUCTION.—Nothing in this section shall be construed to require an employer who attends a program offered by an intermediary to contract for any services offered as part of a drug-free workplace program.

''(h) AUTHORIZATION.—There are authorized to be appropriated to carry out the provisions of this section, $10,000,000 for fiscal year 1999 and such sums may remain available until expended.''.

SEC. 5. SMALL BUSINESS DEVELOPMENT CENTERS.

Section 21(c)(3) of the Small Business Act (15 U.S.C. 648(c)(3)) is amended—

(1) in subparagraph (R) by striking ''and'';

(2) in subparagraph (S) by striking the period and inserting ''; and''; and

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

''(T) providing information and assistance to small business concerns with respect to developing drug-free workplace programs.''.

SEC. 6. CONTRACT AUTHORITY.

The Small Business Administrator may contract with and compensate government and private agencies or persons for services related to carrying out the provisions of this Act.

SEC. 7. COLLECTION OF DATA AND STUDY.

(a) COLLECTION AND STUDY.—The Small Business Administrator shall collect data and conduct a study on—

(1) drug use in the workplace among employees of small business concerns;

(2) costs to small business concerns associated with illegal drug use by employees; and

(3) a need for assistance in the small business community to develop drug prevention programs.

(b) REPORT.—Not later than 6 months after the date of the enactment of this Act, the Small Business Administrator shall submit a report containing findings and conclusions of the study to the chairmen and ranking members of the Small Business Committees of the House and Senate.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Indiana (Mr. SOUDER) and the gentlewoman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Indiana (Mr. SOUDER).

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

Mr. Speaker, I am proud to join with the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Georgia (Mr. BISHOP) as an original cosponsor of this important legislation.

House Resolution 3853 focuses attention on the important problem of substance abuse in the workplace. As chairman of the Subcommittee on Empowerment, I heard testimony from small business owners from different parts of the country who shared with me the great difference that drug-free workplace policy has made in their businesses.

Larry Guzman, from the district of the gentleman from Arizona (Mr. SALMON), told my subcommittee that a drug-free workplace policy not only reduced stolen inventory and increased productivity in his truss-building company, but did so to such an extent that the business reached three times the size he had originally planned.

An owner of a printing company in Cincinnati in the district of the gentleman from Ohio (Mr. PORTMAN), shared his company's experience. Their drug-free workplace program and the employee assistance component led employees to thank management for helping to support their recovery from addiction.

Larry Bennett, who helped lead Ohio's efforts to introduce the kind of financial incentives for drug-free workplace programs contemplated by this bill, shared the story of another small business where the owner worked with his union employees to develop a drug-free workplace policy to meet the requirements of a subcontractor for his clients. Working together, unions and management developed a comprehensive policy that helped the company retain clients and eventually grow.

We know that 71 percent of substance abusers are employed. We also know that many more are employed by small businesses than larger businesses, for a very simple reason: Most large companies in this country have put together drug testing and drug treatment programs, where small businesses do not have the resources to do so. They are afraid they are going to get sued, they are afraid they are going to have different problems.

We heard at an earlier subcommittee hearing from law enforcement that at a local crack house which police had shut down, they found a list of small businesses in the area that did not have drug testing programs because small businesses had become targets of those who abused drugs, because they know that they can get away with it there because small business owners are so inundated and intimidated, inundated with the problems that they have, with the cash flow problems, and intimidated from the potential legal consequences, that they have become victimized by a lot of drug abusers.

□ 1030

The dealers had been helping these users find jobs in small businesses with which to support their habit.

We also know that the drug-free workplace programs are cost-effective for businesses. That is what we found with the experience of the Fortune 200. Ninety-eight percent of the Fortune 200 have drug-free workplace programs. It has taught us that these are cost-effective. They have increased productivity, they have lowered their insurance costs because of accident reductions, they have decreased absenteeism.

H.R. 3853 will help us spread this cost-effective lifesaving program to small businesses around the country by giving grants to nonprofit organizations that deal with drug testing training for small businesses.

Our goal is to get the dollars not directly in another government program, but to nonprofit organizations with an experience in this training, so that they can work with small businesses in what have been legal, effective programs to eliminate the scourge of drug abuse, to help the individuals involved, to help the productivity in our economy, and to regain the strength of the small business community and their ability not to fall prey to the problems that are plaguing our society in drug abuse.

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

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

Mr. Speaker, I rise today in reluctant support of H.R. 3853, the Drug-Free Workplace Act of 1998. Mr. Speaker, we all want the goal of a drug-free workplace. The damage that both drugs and alcohol have done on our society can be seen everywhere we look. It is involved in 50 percent of domestic violence cases across the country. We see it in the drug-related crimes that ravage our neighborhoods. It impacts small businesses by robbing them of an estimated $60 billion annually.

To combat this crisis, we need to provide greater assistance on all fronts in this struggle, including to our small businesses. It is unfortunate that only 3 percent of the small businesses have drug-free workplace policies. This is not due to a lack of recognition by small business, but given the choice of meeting payroll, creating a safe workplace, and serving customers, the value of investing time and money into implementing a drug-free workplace can easily get lost in the shuffle.

The question, then, is not whether we should act, but how we should act to create a drug-free workplace. Unfortunately, this legislation falls short in many areas. We have heard from the U.S. Chamber of Commerce and General Barry McCaffrey of the Office of National Drug Control Policy. It should come as no surprise that they support stopping drugs in the workplace.

What should be of concern is that there are some very real issues that must be addressed if we are going to create a successful program. With the adoption of this legislation, the Small Business Administration will begin a new venture into social policy.

I am very concerned that, once again, the committee is creating a new program. This is an area in which the SBA has no knowledge or expertise. Yet, Congress will be committing $10 million to this program. That is the equivalent to the entire SBA budget for our Nation's Women's Business Development Centers. With an estimated SBA budget shortfall of more than $100 million, it is hard to understand where the money will come from.

The reality is that it will be taken from existing programs, like the Small Business Development Centers that exist in almost every community across the country. It will come from the microloan program that is widely depended upon. These and other programs will be curtailed in order to pay for the program that SBA did not ask for and has no experience in administering. Keep that in mind when one of your constituents cannot get a microloan, or the local SBDC has insufficient funds to serve your district.

We are constantly hearing the need to give business flexibility, but the one-size-fits-all approach this legislation takes will severely limit the ability of small businesses to tailor a program that meets their needs. The outcome will be harming many of the businesses we claim we are here today to help.

If we are truly serious about creating a drug-free workplace, then we must create an environment where employees believe that they will be treated fairly. The bill reported out of committee contains no clear guidance about what happens to an employee who tests positive or voluntarily comes forward. These types of inconsistencies will not foster a drug-free workplace, but create an environment filled with tension and uncertainty.

Mr. Speaker, thanks in large part to Democrats on the committee, several improvements to H.R. 3853 were made in the areas of counseling, training, and participation by local chambers of commerce. These changes make the bill much more workable.

While these changes vastly improve this legislation, until we address the cost, flexibility, and employee protections, we may be throwing money at a problem without accomplishing our goal of creating a drug-free workplace.

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

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

Mr. Speaker, I would like to make a couple of points. In the Committee on Small Business, the Democrats made 9 amendments. Seven were accepted and only two defeated. The bill was not opposed in committee. We spent 4 hours in markup trying to work through all of the different concerns that were addressed there.

I believe we have an excellent bill. It requires that small businesses have a written plan that spells out consequences of any policy, and training sessions to review the policy. Employees, supervisers, managers, partners, and owners who actively manage the small business will all be subject to any drug-free workplace. We felt we needed to lead by example.

Nonprofit groups with expertise in drug-free workplace policies that will administer the bill must have a long history, and the bill does not in any way change laws that protect workers. I think we have gone out of our way to meet all of the concerns that the minority was raising, in addition to some of the majority members, and made a very, very good bill even better.

Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. PORTMAN), the distinguished author of this bill, the leader in the House of many of the prevention and demand reduction efforts.

Mr. PORTMAN. Mr. Speaker, I thank the gentleman for yielding me the time, for allowing me to talk on the legislation, and for all the good work he did in shepherding this bill through his subcommittee and through the Committee on Small Business.

The markup that he just explained was a rather comprehensive and sometimes long series of exchanges, but I think it was good in terms of perfecting the legislation. I applaud the full committee for doing that.

I want to particularly commend the subcommittee chairman, the gentleman from Missouri (Mr. TALENT) for his support of drug-free workplace programs, and in particular, his willingness to expedite this legislation.

Notwithstanding some concerns that the gentlewoman has expressed this morning, I want to also thank the ranking member, the gentlewoman from New York (Ms. NYDIA VELÁZQUEZ) for her support of the legislation, and again, for working with us to help to perfect it.

Let me try to put this bill in some kind of perspective. It is really part of what we hope will be a measured response here in Congress to a vexing national problem, which is how to substantially reduce the growing problem in this country of substance abuse and move towards a drug-free America.

Unfortunately, we are far from that today. In the 1960s about 3 percent of the American population had used illegal drugs. Today that figure is close to about 40 percent. The trends are not helpful. When we look at the last 5 years, for instance, we see a doubling of teenage drug use in this country.

Congress has attacked the problem on a number of fronts. We have expanded efforts to cut off the supply of drugs by increasing funding for so-called source country efforts: destroying coca fields, using the military more efficiently to interdict drugs. We have passed legislation just last month, in fact, to tighten border controls in our country.

Even more encouraging, from my perspective, we have begun a concerted effort here in Congress to get at the heart of the problem by reducing the demand for illegal drugs. That is why this Congress took the unprecedented step last year of working in partnership with the private sector to launch the most aggressive antidrug public service campaign in history. Working with the Partnership for a Drug-Free America and the Office of National Drug Control Policy, we have started a $380 million campaign to change the hearts and minds of America's young people, and to engage parents again in this battle to turn the tide before it is too late.

That is why we passed the Drug-Free Communities Act last year, to jumpstart prevention and education efforts at the local level that are actually working in our communities to mobilize parents, teachers, coaches, ministers, rabbis, law enforcement officials, kids, and yes, employers, in a concerted effort to make our streets safer, to allow our schools to teach, and to reverse the troubling trends we talked about in the last 5 years.

That is why we are putting existing Federal prevention programs under the microscope, to see which ones are working and which ones are not, and to try to maximize the impact of the Federal dollars we are spending on prevention, education, and treatment.

That is why we are working on innovative strategies to try to improve the frankly very disappointing treatment outcomes we see around the country for addicts, and why we are moving legislation this session to put effective treatment into our prisons and our jails.

Today's bill is a part of this overall strategy. It is a critical part of it, because if we do not deal with the workplace, we are not going to get America to kick the habit. The Drug-Free Workplace Act, as the gentleman from Indiana (Mr. SOUDER) and the gentlewoman from New York (Ms. VELÁZQUEZ) have already talked about, is bipartisan legislation that addresses the workplace.

The data tells us that targeting the workplace makes a lot of sense. Over 74 percent of drug users are employed. Substance abusers file 5 times, 5 times the number of workers' compensation claims in this country. Those who use drugs will have 3 to 4 times the number of workplace accidents as nonabusers, and drug users are 2½ times more likely to have absences of 8 days or more.

These numbers highlight the fact that drug abuse threatens safety, it raises costs, it lowers productivity, and most significantly, it has a detrimental impact on the worker that can and must be addressed.

Fortunately, there does seem to be a growing consensus, I think, on both sides of the aisle, cutting across all partisan and really ideological lines, that the workplace is one of the key sectors where we have to address the drug abuse problem.

The bill has garnered strong bipartisan support. The gentleman from Georgia (Mr. SANFORD BISHOP), who we will hear from in a moment, a Democrat from Georgia, and the gentleman from Indiana (Mr. MARK SOUDER), a Republican, join me as original cosponsors of this legislation. General Barry McCaffrey, the Administration's drug czar, director of the Office of National Drug Control Policy, sent a letter expressing the Administration's support of this legislation.

Both sides of the Committee on Small Business, as we have said earlier, have worked hard together constructively to perfect a bill. The amendments from the gentlewoman from New York (Ms. VELÁZQUEZ), the gentlewoman from the Virgin Islands (Ms. CHRISTIAN-GREEN) the gentleman from Illinois (Mr. JACKSON), the gentleman from Illinois (Mr. MANZULLO), the gentlewoman from California (Ms. MILLENDER-MCDONALD), and the gentlewoman from New York (Mrs. MCCARTHY) all offered thoughtful, well-considered amendments, and I am glad they were included in the legislation before us today.

Fortunately, the private sector already recognizes that drug-free workplace policies are good for employees, the community, and businesses. But while 98 percent, 98 percent, of Fortune 200 companies have drug-free workplace policies, only 3 percent of companies with fewer than 100 employees have such policies. So larger businesses are fully engaged in this. It is the smaller businesses where we are not seeing the kinds of results that we would like.

It is certainly not due to any failure on small business's part to recognize the importance of the programs. Like the Fortune 200, small businesses understand that drug-free workplaces will reduce absenteeism and accidents, lower workers' comp costs, health care costs, help to educate parents in the workplace to talk to their kids about the dangers of drugs, and most important, I think, help workers, both those who are not substance abusers who want and demand and deserve a safe workplace, and those who are struggling with addiction and need help.

But the challenges that small businesses face are daunting. Without the economies of scale achieved by larger companies, it is costly. Without human resources staffs, developing written anti-drug policies and providing employee assistance programs can be risky from a liability perspective.

Small businesses are starting to recognize the need for drug-free workplace programs, but they need assistance in implementing these important programs. The high costs of workers' comp insurance for drug-related accidents, the expense of replacing stolen inventory, stolen to pay for a drug habit, the lost productivity of somebody dealing with substance abuse in their family, all are issues small business owners need to address.

Just as we provide technical assistance in developing business plans, identifying loans and other small business services, we need to provide assistance for drug-free workplace programs.

This legislation has three components. First, it urges States to help make drug-free workplace programs more affordable for all companies through innovative programs like workers' compensation premium discounts. Second, it provides grants to nonprofits to help empower small businesses to work together on developing drug-free workplace policies, and to save money by forming consortia to contract for employee assistance and drug testing programs.

Finally, it uses the existing network of over 900 Small Business Development Centers all over the country to provide technical assistance to small businesses as they develop drug-free workplace policies.

Workers' compensation is a natural; in Ohio, we now have a 20 percent discount in place. Seven other States are doing it. It is working well. If we can get more States to do it, we will see a lot more businesses having that financial incentive getting involved in drug-free workplaces.

The nonprofit program in the bill I mentioned will help expand small networks of programs, like the Regional Drug-free Workplace Initiative in Portland, Oregon, the Houston Drug-free Workplace Business Initiative, and the Chicagoland Chamber of Commerce plans, to help these small businesses develop written workplace policies and achieve economies of scale in testing and employee assistance programs.

These programs have met with great success wherever they have been used, and small businesses participate with enthusiasm when they are available.

□ 1045

We can spread the success with a very small Federal investment in a short-term grant program that authorizes the program just for one year to jump start this effort.

Nationwide, communities that implement these programs find that businesses and charitable organizations have been eager to support the programs once they see the effect that they have.

Finally, the last part of the bill, the technical assistance provided by the Small Business Development Centers, will greatly expand access to policy development resources. Over 900 centers would provide support to small businesses in developing drug-free workplace programs, expanding on the excellent work those current SBDCs do in other areas.

We have to remember that small businesses employ over 50 percent of the workers in this country and generate the majority of new jobs in this country. If we are to achieve our goal of a Drug-Free America, they cannot be left out.

With this targeted legislation, we can make a difference with a modest, one-time investment. By reaching out to small businesses that are increasingly interested in getting involved in drug-free workplace programs, we can reach out to them and dramatically expand the reach of these programs to cover 74 percent of the drug users in this country who are employed, and, just as importantly, the working parents of 84 percent of our children.

By expanding these efforts to identify and combat drug use in the workplace, we can reduce the human cost to our society and the direct costs to our economy of drug use. But we will also create a safer work environment for those who work in smaller companies, help the bottom line, and educate parents on getting the message to kids that drug use is wrong and harmful.

For all these reason, this legislation has the strong support of the U.S. Chamber of Commerce, the Institute for a Drug-Free Workplace, the National Alliance for Model State Drug Laws, the Community Anti-Drug Coalitions of America, the Small Business Administration, the Office of National Drug Control Policy, and the Association of Small Business Development Centers.

Mr. Speaker, I hope my colleagues on both sides of the aisle will join us in supporting this important bipartisan bill to make workplaces all across America drug-free, safe, and healthy environments. I commend the gentleman from Indiana (Mr. SOUDER) and the gentlewoman from New York (Ms. VELÁZQUEZ) who led this fight in the committee.

Ms. VELÁZQUEZ. Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia (Mr. BISHOP), one of the main sponsors of the bill who has worked tirelessly on this issue.

Mr. BISHOP. Mr. Speaker, I thank the gentlewoman from New York (MS. VELÁZQUEZ) for allowing me to speak on this measure.

Mr. Speaker, I wish to commend the gentleman from Ohio (Mr. PORTMAN), the bill's cosponsor with me, the gentleman from Indiana (Chairman SOUDER), the gentlewoman from New York (Ms. VELÁZQUEZ), ranking member, and the members of the Subcommittee on Empowerment for their expeditious consideration of this bill.

I would also like to commend the United States Chamber of Commerce for being willing to step up and get involved.

Mr. Speaker, government cannot do everything and certainly we need law enforcement, we need interdiction, and we need more people policing our streets for drugs. But at the same time, we need to stop the market for them. We need to relieve those people who are addicted.

This bill, I believe, goes a long way to doing that. And the fact that the U.S. Chamber of Commerce has stepped up to the plate and gotten involved demonstrates how well we can work together to create a partnership in addressing such a serious concern as the epidemic of drug use and drug abuse.

Mr. Speaker, I would also like to commend my colleagues in this House, on the committee and across the House, for the bipartisan effort in support of this measure.

Drug abuse and drug use is not a Democrat nor a Republican issue. It is a people issue. It is an issue that compromises the effectiveness of the people and the workers of the United States of America. For that I would like to commend my colleagues for coming together in a bipartisan manner to address this problem.

As a cosponsor, I rise to support this very important legislation which provides funding and the necessary infrastructure to help small businesses, that are the lifeblood of our economy, implement drug-free workplace policies. Ninty-eight percent of the Fortune 200 companies have drug-free workplace programs in operation. They understand the importance of this issue.

According to a 1997 Department of Health and Human Services Substance Abuse and Mental Health Services Administration study, 11 percent of workers in businesses with 25 or fewer employees admitted current illegal drug use, over twice the rate reported by employees in larger firms.

Small businesses understand the necessity for drug-free workplace programs, but do not have the resources and the expertise to implement these programs. This bill will provide them with that assistance.

Mr. Speaker, the abuse of drugs and alcohol in the workplace is a significant hazard to working Americans and it is a serious drain on the economy in terms of lost productivity, increased health costs, and wasted potential. The 1996 Fortune 500 companies Conference Board Survey estimated the cost to the economy from absenteeism, injuries, diminished productivity, to be $200 billion.

The U.S. Chamber's Institute for a Drug-Free Workplace estimates that annual productivity losses from substance abuse amount to $640 for every American workers. This is too high a price to pay, both monetarily and emotionally, as substance abuse not only affects the abuser but everyone around him or her as well.

H.R. 3853 addresses the problem by providing incentives and assistance that will help businesses help their employees as approximately 70 percent of drug users are employed. The bill accomplishes this in three ways.

First, it creates a demonstration grant program for nonprofit intermediaries to provide assistance to small businesses in developing a drug-free workplace by using a variety of strategies to include employee assistance, training, and intervention.

Second, the bill encourages States to provide incentives to businesses that adopt a drug-free workplace policy, such as reducing worker's compensation insurance premiums for drug-free businesses.

And third, the bill uses the over 900 Small Business Development Centers around the country to assist in providing technical assistance to businesses in developing effective drug-free workplace policies.

Mr. Speaker, drug use in all sectors of our society is prevalent and must be attacked on all fronts. H.R. 3853 attacks our drug problem in the workplace. According to the Drug Czar, General Barry McCaffrey, the workplace therefore provides an ideal opportunity to steer the addicted into treatment and to educate both employees and family members on the dangers of drug use.

Therefore, I strongly urge my colleagues to support this measure and vote ''yes'' for a drug-free workplace. Again, I thank my colleagues, the committee, the ranking member, the chairman, for their courtesies, their kindnesses, and their hard work in bringing this bill to the floor in a very expeditious manner.

Ms. VELÁZQUEZ. Mr. Speaker, I yield 3 minutes to the gentlewoman from New York (Mrs. MCCARTHY), who should be commended for her work on improving the training component of this bill.

Mrs. McCARTHY of New York. Mr. Speaker, I thank the gentlewoman from New York (MS. VELÁZQUEZ) for yielding me this time.

Mr. Speaker, today I rise in support of H.R. 2853, the Drug-Free Workplace Act of 1998. I also commend my colleagues on both sides of the aisle on bringing this bill to the floor. I think it is an important bill and I think it is going to help our small businesses. It has been a pleasure working on the Committee on Small Business on a lot of the issues that we have been doing this year.

Mr. Speaker, drugs in the workplace is a serious and costly problem. Drugs among employees result in increased sick days, accidents, and decreased productivity. Large companies have always recognized this problem and have set up drug-free workplace programs. Unfortunately, although small businesses employ over half the workforce in the country, most small businesses do not have drug-free workplace programs.

We must give small businesses the tools they need to ensure their workplaces are drug-free. The Drug-Free Workplace Act does just that. It provides incentives for small businesses to set up drug-free programs.

One important piece of a drug-free program is training. Training for the supervisors. Training for the employees who participate in the program. As a nurse, I know how complicated drug addiction can be. That is why it is so important for people who are participating with the program to have proper training.

Mr. Speaker, I was delighted that the committee adopted my amendment to strengthen the training requirements. My amendment ensures that small business owners, supervisors, and employees receive the training necessary to make them effective in identifying possible substance abuse problems.

I think this is a commonplace improvement to the bill that will ensure small businesses are able to successfully implement a drug-free workplace program. I think we are doing our small businesses a great service, and I encourage my colleagues to vote for this.

Mr. SOUDER. Mr. Speaker, I yield 1 minute to the gentleman from Kentucky (Mr. LEWIS), my friend who has been an active member of the Drug Task Force.

Mr. LEWIS of Kentucky. Mr. Speaker, I rise today in support of H.R. 3853, the Drug-Free Workplace Act of 1998. This legislation is critical in addressing the many problems that result in a workforce that uses drugs.

But I would also like to register my support for the section of the bill that assists working parents in keeping their children drug free. I am currently working on legislation that builds on this provision in H.R. 3853. Specifically, I am looking at establishing incentives to businesses that provide resources and training to parents regarding the importance of speaking to their children about drugs.

Mr. Speaker, as we know, parents are the first line of defense in the prevention and in protecting their children from this terrible plague. Unfortunately, studies show that not enough parents are talking about this important issue with their children.

By giving companies tax breaks, it will encourage them to come up with creative ways to provide parents with the necessary tools to open this discussion. In the end, this will be beneficial to the employer, the employees, the family, and the community.

Mr. Speaker, I look forward to working with members of the Speaker's Task Force for a Drug-Free America on this legislation. In the meantime, I would like to thank the gentleman from Ohio (Mr. PORTMAN) for his efforts, and ask my colleagues to support H.R. 3853.

Ms. VELÁZQUEZ. Mr. Speaker, I yield 3 minutes to the gentlewoman from the Virgin Islands (Ms. CHRISTIAN-GREEN), the newest member of the committee, who was instrumental in bringing before our committee the issues of having certified counselors, providing the proper training, and ensuring that the U.S. territories were covered.

Ms. CHRISTIAN-GREEN. Mr. Speaker, I thank the gentlewoman from New York (Ms. VELÁZQUEZ), our ranking member, for yielding me this time and for her leadership.

Mr. Speaker, I rise in support of H.R. 3853, the Drug-Free Workplace Act of 1998. I am pleased that my colleagues on both sides of the aisle consented to include my amendment to ensure that the drug-free workplace counselors and educators provided to small businesses under the demonstration program be fully certified by their State and territorial governments as qualified providers.

Mr. Speaker, as a former small business owner and physician in family practice, I know the value of a drug-free workplace. There are benefits for both the worker and the employer. In light of this measure's provision for mandatory drug testing of businesses who avail themselves of this program, it is important that counselors are not just well-meaning but well trained to advise employers on setting up programs that are well structured, that are based on both employer and employee input, that assist affected employees rather than punish them, and that fit the varied realities of each workplace, considering health, family and confidentiality issues and which can counsel on the consequences of drug testing for both employer and employee.

Mr. Speaker, on the other hand, I am disappointed that my colleagues did not see the wisdom of including in H.R. 3853 the requirement that any training provided to small businesses as a consequence of this bill be culturally appropriate. The American workplace is becoming increasingly diverse. Culturally appropriate training is important because of the very sensitive nature of the issue of drug use and of the need for counselors to be able to communicate clearly when explaining policy and doing counseling for persons of different backgrounds. It is also important to ensure that certain nationalities are not targeted, but that objectivity is maintained in this process.

But, Mr. Speaker, I thank my colleagues on the Committee on Small Business for including another of my amendments which specifically includes U.S. territories, of which my district, the U.S. Virgin Islands, is one.

There are many instances where Americans who live in the U.S. territories are denied access to programs not due to malice, but due to oversight on the part of this body. As an example, the SBA HUBzone program does not include the insular territories due to technicalities in the language, even though the intent of the legislation was to include every American everywhere who is in need of the benefits of the program.

□ 1100

Mr. Speaker, as my office works diligently with my colleagues to ensure that the territories can benefit from this program, I take this opportunity to remind everyone that the territories are an important part of the American family. I commend the sponsors of this bill. I urge its passage.

Mr. SOUDER. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. SOLOMON), distinguished chairman of the Committee on Rules, a warrior in the antidrug effort.

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

Let me first of all just sing the praises for the gentleman from Ohio (Mr. PORTMAN), the gentleman from Illinois (Mr. HASTERT), the gentleman from Indiana (Mr. SOUDER), the gentleman from Kentucky (Mr. LEWIS), the gentleman from Georgia (Mr. BISHOP), and the gentlewoman from New York (Ms. VELÁZQUEZ) for bringing this bill to the floor. It is so terribly important.

Three points need to be made very quickly. Seventy-five percent of all the illegal drug use in America today is not used by people in the inner core cities. It is used by suburbanites who live outside of the cities, who use drugs illegally, recreationally, seventy-five percent of all the drug use in America. If we were to solve that problem, we would knock the value out of drugs.

The other statistic is that 75 percent of all the violent crime in America today is against women and children and it is drug related. Think about that.

Then when you look at the third point, with the skyrocketing use of illegal drugs by our children, not just 17 and 16 and 15 and 14-year-olds but 11, 10, 9, even 9-year-olds, that is just terrible, Mr. Speaker. We are destroying a whole new generation of people.

Back in 1983, President Reagan, at my urging, implemented random drug testing in our military. At that point, 25 percent of all the military were on illegal drugs, 25 percent. Once we implemented random drug testing for everybody, from the buck private to the admirals and generals, within four years the drug use in our military dropped 80 percent. It dropped from 25 percent down to 4 percent.

If we could stop drug use in all Federal employees, all State employees, all county, town, city and village employees and then all the Fortune 500 companies and all of the midsize entrepreneurial companies, drugs would no longer be expensive. People would not use them. There would not be any need for them. And in Colombia they would be making bathtubs instead of importing drugs into this country. That is how important this is. That is why I praise all of my colleagues for bringing this bill to the floor. It is so badly needed.

God bless them all.

Ms. VELÁZQUEZ. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. DAVIS), whose work in addressing the need to have testing done by a certified lab was critical in ensuring employees have some protections.

(Mr. DAVIS of Illinois asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Illinois. Mr. Speaker, let me first of all commend and congratulate the gentleman from Missouri (Mr. TALENT), the gentlewoman from New York (Ms. VELÁZQUEZ) and actually all of the members of the committee for the outstanding bipartisan manner in which we arrived at bringing this legislation to the floor today.

As a matter of fact, many people throughout America recognize drug use and abuse as having gotten out of hand and as a real menace to society. Therefore, I rise in support of this legislation, and I would note, Mr. Speaker, first of all, that this is a voluntary demonstration project which provides opportunities for small businesses to be meaningfully engaged in efforts to reduce drug use and create safe work environments.

This program is obviously no panacea. However, it is a positive step in the right direction. Therefore, I urge support for it. It provides testing for not only workers but also for managers, for supervisors, for everybody in the workplace. Therefore, no one can accuse it of being discriminatory.

We know that drug use and abuse continue to plague America, and we need bold efforts to really rid it. There are those who would say that this is a minor approach, but I believe, Mr. Speaker, that every step that we take moves us closer to the goal and the goal is to have a drug-free environment. I commend the sponsors. I commend again the gentleman from Missouri (Mr. TALENT), the gentlewoman from New York (Ms. VELÁZQUEZ) and all of my colleagues for an outstanding piece of work and a meaningful piece of legislation:

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

Ms. VELÁZQUEZ. Mr. Speaker, I yield 1 minute and 30 seconds to the gentlewoman from California (Ms. MILLENDER-MCDONALD).

Ms. MILLENDER-MCDONALD. Mr. Speaker, I would like to commend both sides for their leadership in bringing such an important topic to the floor.

I am glad that I had a part in this markup, as I brought the issue of alcohol to this program and to ensure that we included language that would require that we had alcohol abuse prevention programs as well as drug abuse prevention programs.

I also want to mention that violence in the workplace, domestic violence is a critical issue with me. I am sorry that we were unable to bring in the counseling for domestic violence in this bill because it is critical. It is an ever-increasing need to address this problem in our workplace.

In one year alone, almost 4 million American women are physically abused by their husbands or boyfriends. With over half of the female population and nearly 90 percent of the male population employed in this country, domestic violence is a public health issue.

I am sorry that we were unable to get this issue in the bill. Domestic violence is a public health problem that we can no longer ignore in the workplace. The issue of domestic violence must become a priority for our country and our Nation's leading businesses.

I thank the gentleman and the gentlewoman for their time, and I would hope that some day we would put domestic violence as part of the Drug Free Workplace Act.

Mr. Speaker, I rise today to offer my thoughts on the Drug-Free Workplace Act of 1998 which is aimed at reducing drug abuse in the workplace. The Small Business Committee marked-up this legislation in an attempt to improve its effectiveness. I am glad to say that many improvements were made. In particular, I am proud of the fact that we were able to include language that would require any drug-free workplace program developed as a result of this bill to include a continuing alcohol and drug abuse prevention program. Prior to my amendment to this bill, there was no mention of alcohol abuse. It is critically important that we address alcohol abuse and addiction when we address drug abuse in the workplace. Prevention of both alcohol and drug abuse is essential for any drug-free workplace program to be successful.

Effective prevention does not occur with just one class or one discussion on the dangers of alcohol or substance abuse. We must ensure that a comprehensive approach will be utilized in accomplishing a productive, drug-free work environment that promotes and protects the life of employees. Such a continuing alcohol and substance abuse program must provide quality prevention and education programs, assess individual alcohol and drug problems, refer individuals struggling with substance abuse problems or addiction to a trained substance abuse treatment professional or facility. Furthermore, such a comprehensive approach provides all employees with the necessary information to be able to see warning signs of substance abuse problems among their colleagues.

Continuing substance abuse prevention programs are a necessity when you consider that more than 70% of drug users and 75% of alcoholics are employed. This is a staggering number that can only be reduced through the use of comprehensive drug-free programs that include prevention as well as a range of effective on-going services that address the complex problems of alcohol and substance abuse.

Although this measure addresses the many issues of alcohol and drug usage on the worksite, the bill could go farther to address some other related issues. One issue that deserves attention is the need to provide counseling for and information on domestic violence. There is an ever increasing need to address this problem. In one year alone, almost four million American women are physically abused by their husbands or boyfriends. With over half of the female population and nearly 90 percent of the male population employed in this country, domestic violence is a public health problem that we can no longer ignore in the workplace.

The issue of domestic violence must become a priority for our country, and our nation's leading businesses agree. In a recent national survey of American businesses, 47 percent of senior executives polled said that domestic violence has a harmful effect on the company's productivity; 44 percent said that it increases health care costs; and 66 percent said that they believe their company's financial performance would benefit from addressing the issue of domestic violence among their employees. The result of these statistics indicate that this problem is affecting more than the women who are abused, but the place in which they work.

Thus, there is the necessity and urgency to provide counseling and education on domestic

violence. We must educate both female and male employees on domestic violence. Furthermore, there is a need to recognize the signs of potentially dangerous situations, and how to provide help once the abuse has begun. With such a program in place, we would be able to further address those problems that plague our work environments as well as our homes. It is in this spirit that I encourage my colleagues to continue to work to make the workplace as productive and efficient as possible by addressing not only alcohol and drug abuse, but domestic violence.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself the balance of my time.

In closing, let me once again state that everyone in this Chamber, both Democrats and Republicans, support the goal of the drug free workplace. H.R. 3853 attempts to address this very real problem affecting every aspect of our society.

But if we are truly serious about ending drugs in the workplace, H.R. 3853 will not be fully successful until we address the issue of cost, flexibility and employee protection. I am optimistic that before this program is implemented, these problems will be worked out.

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

Mr. SOUDER. Mr. Speaker, I yield myself the balance of my time.

I again want to thank the gentleman from Ohio (Mr. PORTMAN) for not only his leadership on this bill but his leadership in focusing on prevention and on treatment as an important part, in addition to interdiction and the judicial approaches to the drug problem, because if we can reduce the usage at the front end, then we do not need to do as much, hopefully, long-term in law enforcement interdiction.

I also want to thank our Speaker, who brought this drug issue to the front of what we are doing in Congress. It is not just this bill today. It has been bills on education. It will be amendments and funding in appropriations bills. If we have a comprehensive effort against drug abuse, illegal narcotics in this country, we, in fact, can make dramatic advances in reducing this scourge in our country.

I also want to thank the gentleman from Illinois (Mr. HASTERT) as well as the co-chairs, the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Florida (Mr. MCCOLLUM) of the Drug Task Force, and all the members of the Drug Task Force, the chairman of the Committee on Small Business and the ranking member, the gentleman from Missouri (Mr. TALENT) and the gentlewoman from New York (Ms. VELÁZQUEZ), and also the staff, Al Felzenberg, Harry Katrichis, Tee Rowe, and Emily Murphy, who helped accelerate a bill like this through the committee in a rapid way.

This is a dramatic example of what can happen when both parties work together to benefit the workers of America, the young people of America, the families of America. We are seeing children's lives destroyed by illegal drugs, families destroyed by illegal drugs, our productivity and competitiveness in America destroyed by illegal drugs. This bill is one small step, a part of a continuing effort by this Congress to say, ''Say no to drugs,'' take active action, and we can lick this problem.

Mr. PAUL. Mr. Speaker, I rise in opposition to H.R. 3853, The Drug-Free Workplace Act. Certainly there are many things the Federal Government can do to minimize the negative impact illicit drug users have upon society. Further expanding a philosophically bankrupt national drug war policy with the creation of yet another costly federally-funded program is not the answer.

Specifically, this bill authorizes $10 million in fiscal year 1999 thus further shifting the cost burden from the irresponsible drug user to the taxpayer. Allowing the cost of drug use to fall on the irresponsible drug user rather than allowing that user to socialize his or her costs upon the innocent taxpayer would be a worthwhile step in the right direction. The dangerous socialization of costs is a consequence of various Federal actions.

A Federal Government which reduces the cost of drug use by supplying free needles is one example. But this practice is but a minor example of exactly how the Federal Government has made matters worse by lowering the costs and encouraging the expansion of risky behavior. We must, once and for all, expose the fallacy that problems can be solved simply by cost spreading—in other words, that all risky behavior should be socialized by the government. A Federal Government that accepts responsibility for paying the rehabilitation costs and medical costs of its citizens who act irresponsibly is certain to do only one thing—increase the number of those who engage in such behavior.

If we lower the cost of anything, we necessarily increase the incidence. But this is not only true when we are dealing with drugs. It has to do with cigarettes, alcohol, and all risky behavior. The whole tobacco legislation controversy is the natural consequence of the same flawed policy. That is, because government ''must'' pay the health costs of people who get sick from dangerous behavior with cigarettes, government must also regulate the tobacco companies and deprive all citizens of liberties which may at times involve risky behavior. Once the taxpayer is called upon to pay, costs skyrocket.

Moreover, the Federal Government further makes matters worse by imposing employment regulations which make it difficult to terminate employees who engage in drug or alcohol abuse. Such a regulatory regime further socializes the costs of irresponsibility upon innocents by forcing employers to continue to pay the salaries and/or health benefits of unsavory employees during rehabilitation periods.

Private employers should already be free to require drug testing as a condition or term of employment. This legislation, however, unnecessarily brings the Federal Government into this process. The threat of liability law suits will dictate that drug testing will be prevalent in jobs where abstinence from drug use is most critical. However, setting up taxpayer-funded federal programs here are not only unnecessary but ill-advised. The newspapers are replete with examples of various lawsuits filed as a consequence of false positives resulting from both scientific and human errors. This legislation involves the Federal Government so far as to require drug testing be completed by only a few government-favored drug testers. This bill also requires those small businesses who participate to mandatorily test employees for drug and alcohol abuse. This proposition treads dangerously on grounds violative of the fourth amendment. While the bill of rights is a limitation upon actions by the Federal Government, it does not restrict the voluntary actions of private employers and their employees. The case becomes far less clear when the Federal Government involves itself in what should simply be a matter of private contract. In fact, government involvement may actually constitute a hindrance upon employers ability to adequately test those employees for whom they feel testing may be a necessary job component.

It should never go unnoticed that, as is so often the case in this Congress, constitutional authority is lacking for the further expansion of the Federal Government into the realm of small business and the means by which they hire reliable employees. The Report on H.R. 3583 cites Article I, Section 8, Clause 18 as the Constitutional authority. This clause reads ''To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Office thereof'' (emphasis added). The authority cited requires a foregoing Power which not only is missing from the authority cited for this bill but in my close examination of Article I, Section 8, simply seems not to exist.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I strongly support this bill because I believe that we should always strive to eliminate the vile plague of drug abuse. This measure will provide small businesses with protection from drug use at their workplace.

The bill aptly targets businesses consisting of 25 people or less. Such businesses currently employ approximately over 50 percent of our nation's workforce. Of those adults who abuse drugs, 74 percent are members of the workforce. As the Institute for a Drug-Free Workplace estimates, the majority of illicit drug users work for these small businesses.

The bill authorizes $10 million to the Small Business Administration (SBA) for grants or contracts with not-for-profit organizations to provide small businesses with drug-free workplace programs. This funding is vitally important and seems justifiable in our war against drugs. Compared to many programs, $10 million seems like a bargain.

Moreover, this measure is not simply measured based upon the millions of dollars spent to arrest and prosecute illicit drug users. The national economy is burdened with billions of dollars in losses due to the effects of illicit drug users on small businesses. In fact, the 1996 Conference Board Survey estimated the cost to the economy from absenteeism, injuries, and diminished productivity to be $200 billion. These figures seem reasonable because absenteeism is 66 percent higher among drug users than nondrug users, health benefit utilization is 300 percent higher among drug users than nondrug users, 47 percent of workplace accidents are drug related, disciplinary actions are 90 percent higher among drug users than nondrug users, and employee

turnover is significantly higher among drug users than nondrug users.

To limit this disease to mere monetary figures, however, would ignore less tangible, but equally important factors. Although harms such as workplace injuries, lost productivity, and other effects of drug use are readily obtainable, some wounds, such as the costs to families and children, seem less obvious. In over 88 percent of families with children under the age of 18, at least 1 parent is employed. Thus, it seems clear that drug abuse among small business employees has implications that extend well beyond mere economics.

Many small business owners corroborate the notion that illicit drug use affects people on both tangible and intangible levels. One owner, Mr. Guzman, noticed that after opening a successful business, he soon found his business floundering. He discovered stolen inventory and low productivity. Upon learning that drug use represented the sole cause of such problems, Mr. Guzman implemented a drug-free workplace policy. Not only did the problems related to drug use subside, but the owner's business also flourished and profited beyond expectations. Such profits likely filtered down from the business to its employees and those employee's families.

This measure will standardize the policy implementation within Mr. Guzman's business. I laud the goals of this Act, for it seeks to educate the small businesses about the advantages of a drug-free workplace, provided financial incentives and technical assistance to enable small business concerns to create a drug-free workplace, and assist working parents in keeping their children drug-free. Such purposes should receive our praise and admiration. Regardless of political persuasion, these goals further all of our interests.

The specifics of the bill seem both adequate and reasonable. The Act establishes a strong relationship with the SBA and coordinates the SBA's efforts with those of the Secretary of Labor, the Secretary of Health and Human Services, and the Director of the Office of National Drug Control Policy. Together, these entities should be able to implement this praiseworthy program. They may also act as a system of checks and balances.

The measure properly requires written policies, training for employees, additional training for employees who are parents, and access to drug testing laboratories. By providing these standards, the bill sets the foundation for a viable program.

I also commend the writers of this bill for providing a broad definition of employees. By including supervisors, managers, officers, and owners as employees, the measure encompasses those who are in the greatest position of power where the opportunity for drug abuses are conceivably greater.

Given the fact that small businesses must run on equally modest budgets, they likely demand even more protection than the large businesses. Moreover, the effects of drug abuse are more pronounced in their small settings. We must protect these businesses, for they represent the very image of America and the ideals we uphold.

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

The SPEAKER pro tempore (Mr. HAYWORTH). The question is on the motion offered by the gentleman from Indiana (Mr. SOUDER) that the House suspend the rules and pass the bill, H.R. 3853, as amended.

The question was taken.

Mr. SOUDER. 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. SOUDER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks on H.R. 3853.

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

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 4101, AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1999

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 482 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 482

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 4101) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1999, and for other purposes. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with clause 2(l)(6) of rule XI or clause 7 of rule XXI are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. After general debate the bill shall be considered for amendment under the five-minute rule. The amendment printed in the report of the Committee on Rules accompanying this resolution shall be considered as adopted in the House and in the Committee of the Whole. Points of order against provisions in the bill, as amended, for failure to comply with clause 2 or 6 of rule XXI are waived. During consideration of the bill for further amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 6 of rule XXIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill, as amended, to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from New York (Mr. SOLOMON) is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, I am pleased to inform Members that the Committee on Rules has provided an open rule for the consideration of this very, very important measure, one of the most important appropriation measures that come before this body each and every year.

This means that Members will be able to offer any amendment which complies with the standing rules of the House, and that is the way it should be.

In order to expedite the consideration of this legislation, the requirement that the committee report be available for 3 days is waived. The report was filed on Friday night and was available to all Members yesterday morning.

The rule provides for one hour of general debate, which will be equally divided between the chairman and ranking member of the committee.

□ 1115

There are two amendments printed in the report accompanying this rule which will be considered as adopted when the rule is passed. The first of these amendments provides relief to certain disadvantaged farmers whose complaints of discrimination were not considered in a timely manner. Through no fault of their own, the statute of limitations ran out.

The amendment limits claims to those between 1993 and 1996. It does not settle any cases, nor should it. It only allows these cases to proceed to be considered by the Department of Agriculture in spite of the statute of limitations.

What that means, Mr. Speaker, is that this provision is self-executed in the rule. So adoption of the rule places the language in the bill to be debated in a few minutes. It does not have to be offered as an amendment.

Adoption of the rule also means that the House will adopt sufficient spending cuts to pay for the cost of the disadvantaged farmers provision as well as paying for a second provision, the Members from agriculture States ought to pay attention to this, a second provision already in the bill to allow the sale of certain commodities to India and Pakistan in spite of the sanctions which recently took effect.

Mr. Speaker, both of these provisions have bipartisan support. The Republican Conference last week settled on a policy that requires that increased spending should be offset with cuts and not labeled as emergency spending. This provision in the rule implements that policy for the agriculture appropriation bill, and I hope will be implemented in all the other appropriation bills that come on this floor.

Because there are some provisions in this bill which constitute legislation on an appropriation bill, and some appropriations for which the authorization has not yet been signed into law, the rule waives the necessary points of order.

This bill also includes a few transfers of funds from one purpose to another, and the rule waives points of order to permit this.

In order to encourage Members to print their amendments in the CONGRESSIONAL RECORD before they are offered, the rule also provides priority and recognition to Members who do preprint their amendments.

Also under this rule, the Chairman of the Committee of the Whole has the authority to postpone and to stack votes so that Members can make more efficient use of their time.

Finally, this rule preserves the right of the minority to offer their final alternative in a motion to recommit just before the vote on adoption of the bill.

Mr. Speaker, I want to commend the distinguished gentleman from New Mexico (Mr. SKEEN), chairman of the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, one of the most admired and respected Members of this body, sitting here next to me, and the gentlewoman from Ohio (Ms. KAPTUR), who we have equal admiration and respect for, for their long hours that have been put into producing this piece of legislation.

They have done yeoman work, they and their staffs, over a number of years now. Again, as I mentioned earlier on, this is one of the most important bills that will come before the Congress each and every year.

I particularly want to thank them for upholding the 1995 farm bill as it concerns milk marketing orders, which is the lifeblood of every small dairy farmer in America. This provision will prohibit the Department of Agriculture from changing the rules until we have gone through both a legislative and an appropriations cycle next year.

The Committee on Agriculture, the authorizing committee, has assured me and others who have deep concern about this that they will look at this in a very favorable way.

The agriculture appropriation bill provides the necessary funding also for agricultural programs and related programs such as school lunch programs and the WIC program, which is the assistance for women and infants and children.

Mr. Speaker, I support this rule, and I support the constructive bill that it makes in order.

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

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to thank the gentleman from New York (Mr. SOLOMON), chairman of the Committee on Rules, for yielding me the time.

This is an open rule. It will allow full and fair debate on H.R. 4101, which is a bill that appropriates $55.9 billion for agriculture, rural development, and food and nutrition programs in the fiscal year beginning October 1, 1998.

As my colleague the gentleman from New York described, this rule provides for 1 hour of general debate equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations.

The rule also contains five self-executing amendments. One of those waives the statute of limitations for African American farmers to file discrimination claims against the Agriculture Department. This amendment will help us resolve this lingering injustice.

The Committee on Rules reported the rule by a voice vote. Overall, this is a good rule. It is crafted under difficult circumstances, and I intend to support it. I recognize that the gentleman from New Mexico (Mr. SKEEN), the chairman of the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies was forced to make difficult choices because the funding allocation for agriculture programs is so low. He worked in a bipartisan fashion, carefully balancing many needs.

However, I am particularly disappointed that this bill cuts $10 million in the Emergency Food Assistance Program which purchases food for needy Americans. The demand is growing for services by the Nation's food banks, emergency feeding centers, and soup kitchens. A survey by the U.S. Conference of Mayors showed that one out of five requests for emergency food in 1997 went unfilled. Now is not the time to cut this vital program. Later, during consideration of the bill, I intend to offer an amendment that will restore the $10 million for the Emergency Food Assistance Program.

I am also concerned that the bill does not adequately fund the WIC program which helps feed infants, children, and their mothers. This bill would cut off benefits to more than 100,000 needy people, at risk, low-income women and their babies.

Mr. Speaker, I believe that the gentleman from New Mexico (Mr. SKEEN) and the gentlewoman from Ohio (Ms. KAPTUR), the subcommittee's ranking minority member, did everything possible to produce a fair bill. The problem lies not with the subcommittee, but with the larger budgetary decisions by this House to constrain so severely discretionary spending. Because the targets are so low, we are forced to pit the needs of the hungry against the needs of farmers and food researchers and everyone else who is funded in this bill.

We have the money. Our economy is booming at rates that have rarely been seen in history, creating hundreds of billions of dollars in the last few years. Not only are we the wealthiest nation in the world, we stand today as the wealthiest nation the world has ever seen.

Surely we can find an extra $10 million to help reduce the food lines in front of our soup kitchens. Surely, out of this new wealth, we can, at the very least, maintain the same level of spending for the emergency needs of poor, hungry people.

This is a disgrace, if we cannot take a tiny percentage of this enormous wealth to feed the needy. We are talking about a $60 billion to $100 billion tax cut. This is unbelievable. We cannot find $10 million more for the EFAP program. That is what our budget agreements are forcing us to do.

This is the bill which feeds our Nation and hungry people around the world. This is the bill which contributes to our agricultural bounty. We should not set such low spending targets.

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

Mr. SOLOMON. Mr. Speaker, let me just say to the gentleman from Ohio (Mr. HALL) that we are prepared to close, get on with the regular business, if the gentleman wants to proceed.

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

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

Mr. Speaker, again let me just say that this is one of the most important appropriation bills to come before this House each and every year. I again want to just praise the work of the gentleman from New Mexico (Mr. SKEEN) and the gentlewoman from Ohio (Ms. KAPTUR), ranking minority member, and their staffs for the yeoman work that they have done on this legislation. It is very important. I hope the Members will come over and vote for the rule and then vote for the bill.

Ms. KAPTUR. Mr. Speaker, I rise in support of the rule allowing consideration of H.R. 4101, the Fiscal Year 1999 Agriculture Appropriations Bill.

This rule allows for the orderly consideration of the Agriculture Appropriations Bill.

It waives points of order against unauthorized programs in the bill.

The rule also self-executes an amendment that waives the statute of limitations for minority farmers who have complaints against the Department of Agriculture for discriminatory actions that occurred in the past. This language has been cleared with the Judiciary Committee and the Administration, and we support its inclusion in this bill.

The amendment self-enacted by the rule also provides the necessary offsets for scoring against the bill resulting from both the lan-

guage providing relief to minority farmers and the scoring created by the provision excluding agricultural exports from sanctions against India and Pakistan.

Again, I support this rule and the amendment it provides for.

My only disappointment is that the rule did not make in order an amendment by Congresswoman Lowey which would provide for civil penalties to be used a tool against meat and poultry plants which violate food safety laws. I support the efforts of the gentlelady from New York on behalf of American consumers, and will work with her to ensure the enactment of that provision.

Mr. Speaker, again I urge my colleagues to support this rule and the Agriculture Appropriations Bill. I thank my colleagues on the Rules Committee, and I yield back the balance of my time.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DRUG-FREE WORKPLACE ACT OF 1998

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 3853, 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 Indiana (Mr. SOUDER) that the House suspend the rules and pass the bill, H.R. 3853, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 402, nays 9, not voting 22, as follows:

[Roll No. 257]

YEAS—402

Abercrombie
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fawell
Fazio
Filner
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Torres
Towns
Watkins
Waxman
Whitfield
Yates

☐ 1144

Mr. FATTAH changed his vote from ''yea'' to ''nay.''

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

Mr. WATKINS. Mr. Speaker, I missed rollcall No. 257 due to attending a program with constituents including a student, Sheila Williams and her teacher, Brenda Truesdale from Crowder High School in Pittsburg County, Oklahoma. Had I been present, I would have voted "yes."

PERSONAL EXPLANATION

Mr. YATES. Mr. Speaker, I missed the last vote. The bells did not ring in my office. Had I been present, I would have voted ''aye.''

PERSONAL EXPLANATION

Ms. CARSON. Mr. Speaker, I was unavoidably absent yesterday, Monday, June 22, 1998, and, as a result, missed Rollcall votes 252 through 256.

Had I been present, I would have voted ''no'' on Rollcall Vote 252; ''yes'' on Rollcall 253; ''yes'' on 254; ''yes'' on 255; and ''yes'' on Rollcall 256.

GENERAL LEAVE

Mr. SKEEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 4101) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1999, and for other purposes, and that I may include tabular and extraneous material.

The SPEAKER pro tempore (Mr. PEASE). Is there objection to the request of the gentleman from New Mexico?

There was no objection.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1999

The SPEAKER pro tempore. Pursuant to House Resolution 482 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4101.

□ 1147

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4101) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1999, and for other purposes, with Mr. LAHOOD in the chair.

The Clerk read the title of the bill.

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

Under the rule, the gentleman from New Mexico (Mr. SKEEN) and the gentlewoman from Ohio (Ms. KAPTUR) each will control 30 minutes.

The Chair recognizes the gentleman from New Mexico (Mr. SKEEN).

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

Mr. Chairman, before I get into the floor statement I would like to pay my respects to the members of my committee and particularly to the ranking member, the gentlewoman from Ohio (MS. KAPTUR), and all the members of the committee and the staff and the rest for the fine work that they have done.

Mr. Chairman, I want to thank all my colleagues that have been on the committee on the minority and majority sides, and particularly the staff, the Members' staffs that have work with us and the committee staff, and I certainly am indebted to all of them.

And, Mr. Chairman, I am pleased to bring before the House H.R. 4101, which makes an appropriation for Agriculture, Rural Development, and the Food and Drug Administration and related agencies.

Mr. Chairman, this bill meets our discretionary allocation of $13.587 billion in budget authority and $14.002 billion in outlays, and the total spending in the bill includes mandatory programs of $55.9 billion, an increase of about $6.4 billion over last year, which mainly reflects the increased spending from Commodity Credit Corporation funds.

Our discretionary allocation is about $130 million less than last year, and this situation is made more difficult because the administration has proposed about $800 million in new spending in the bill that is paid for through user fees, and these user fees all require authorization in law. However, the administration sent up this legislative package only 3 weeks ago.

The reality is that enactment of user fees will not occur. Therefore, any new spending must be offset from existing programs. The committee has tried on a bipartisan basis to construct a bill that funds our highest priorities and deals fairly with the very diverse programs that this bill pays for.

The bill provides an additional $20.5 million for the Food Safety Inspection Service, the third year in a row that meat and poultry inspection have received a major increase. There is also an additional $15.5 million for the food safety initiatives scattered throughout several accounts.

Farm operating loans have been increased by about $200 million, and this program is important to the administration's efforts to end discrimination against minority farmers.

We have increased the Rural Community Advancement Program by $93 million, with most of the increase going to rural water and sewer programs where there is a $3.5 billion backlog of applications for this particular funding.

We have also cut a number of programs, and many are being held to the fiscal year 1998 level.

For the first time in many years we have not provided an increase in the Women, Infants and Children, known as the WIC program, and this bill funds the WIC program at $3.924 billion, the same as fiscal year 1998. Our reason for doing that is the USDA's fiscal estimate of the WIC fiscal year carryover is $180 million, and we believe that number will grow. We also believe that carryover gives the program a very large cushion of support.

Mr. Chairman, I know many of my colleagues are unhappy that some of the programs are not funded at higher levels and that we have to tap mandatory programs just to get us to where we are now. During the course of the past five months we have received about 600 requests from Members, only one of which suggested program reduction. The rest wanted level or increased spending.

I would also like to do more, but the money is just not there. Unlike the Office of Management and Budget, we cannot engage in phony accounting schemes with user fees. We must work in the reality of a very tight budget.

Mr. Chairman, this bill pays for programs that benefit every American every day. It supports food safety and nutrition, whether in rural America or in our largest cities, and it supports agricultural production and research that enables less than 2 percent of our population to feed 270 million Americans and millions more overseas. It supports conservation programs to protect watersheds and the environment, and it supports rural development programs that bring affordable housing and clean water to rural America.

I would say to my colleagues that when they vote for this bill they vote for programs that benefit all their constituents, no matter where they live in this great country, and, Mr. Chairman, I ask my colleagues for their support.

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

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

Mr. Chairman, I wanted to rise today and commend my good friend, the chairman of our Subcommittee on Agriculture and Rural Development, for his leadership in helping put this bill together, and all the members of our subcommittee who have worked so very, very hard over the last several months.

There are other provisions in this bill that we also need to acknowledge many of our members. We want to thank the Committee on Rules for allowing several provisions to be included in the base bill that are self-executing concerning the civil rights provisions as well as lifting the sanctions in terms of food for Pakistan. We want to thank the gentleman from Washington (Mr. NETHERCUTT) in that regard, as well as the gentlewoman from California (Ms. WATERS), who worked so very hard along with the gentleman from New York (Mr. SERRANO) York on the civil rights provisions in the bill, along with the gentlewoman from North Carolina (Mrs. CLAYTON) and the gentlewoman from Georgia (Ms. MCKINNEY). We are grateful to all these members and so many more who helped us craft a good bill.

I want to state that without question this particular measure helps keep our Nation at the leading edge for food, fiber, fuel and forest production as well as research, trade and food safety. The jurisdiction of this subcommittee is very broad. There is no question that agriculture is America's leading industry and that our farmers and our agricultural industries remain the most productive in the world, and they well understand, as we do, how difficult it is to maintain our nation's commitment to excellence in agriculture in these tight budgetary times.

Our bill contains $56.1 billion for 1999 in total budget authority, of which $13.6 billion is for discretionary programs and $42.5 billion is in mandatory programs which we have very little ability to influence. Our bill is $2.2 billion below the administration's budget request, and in fact over two-thirds of our bill's spending is directed in the mandatory area, largely the nutrition programs like our school lunch and breakfast programs as well as the Food Stamp Program. Those comprise nearly two-thirds, 70 percent, of what is in this bill.

We believe this bill is as balanced a bill as we could get to try to accommodate our farmers, the needs of food and drug safety, the needs of rural development in communities across this country as well as protecting the safety of consumers and those in our population who are most nutritionally and medically at risk.

□ 1200

Our committee has fashioned a bill that is the best possible bill within the

allocation it has been dealt, and I want to thank our chairman, the gentleman from New Mexico (Mr. SKEEN) for being gracious and treating both sides of the aisle evenhandedly. I appreciate his bipartisanship and his sensitivity to balancing the burden of these tight funding levels between various constituencies served by this bill.

I would be remiss if I did not point out, however, that the funding levels are simply inadequate for several of our most critically important programs in the bill, beginning with food safety, but also including WIC, the Women, Infants and Children's feeding program, all of our rural conservation programs, our youth tobacco prevention initiative and our rural water and sewer, as well as the temporary emergency feeding programs serving so many of our food kitchens and food banks. Without an additional allocation of resources, we continue to betray our commitment to American farmers, and to all consumers who benefit from the bounty that they produce.

For example, let us go through some of these shortcomings. As hard as we tried, we were unable to fully accommodate the requests for food safety in this bill, which provides only $15 million of the additional funds requested by the President, who asked for $95 million additional funds for the food safety initiative.

In the WIC program, so important to pregnant women and children across this country, the funding level is frozen in the bill at the 1998 level of $3.9 billion, which is $157 million below the President's budget request. This freeze level could mean the reduction of up to a few hundred thousand additional women, infants and children who will not be able to be served by WIC.

In the youth tobacco prevention area, the bill includes $34 million for the President's tobacco initiative. However, the President had requested $100 million over that level, a level of $134 million for the Food and Drug Administration. We could not accommodate that full request.

On the important conservation programs for our farmers, the primary source of technical assistance to producers and landowners are funded at $784.4 million, but this is $5 million below last year's level and $51.9 million below the President's budget request.

This bill makes further reductions in critical mandatory conservation programs such as the Wetlands Reserve Program, the Environmental Quality Incentive Program, which is called EQIP, and the Wildlife Habitat Incentive Program.

In addition, this bill includes no funding for the farmland protection program, because it has not been authorized. These lands are absolutely irreplaceable as a world resource, and it is really sad that in this measure we cannot include continuation of appropriations in that program because the authorizers have not brought that bill forward.

In terms of TEFAP, the Temporary Emergency Food Assistance Program, there is a $10 million reduction in this mandatory program compared to last year. It is under this program that we distribute commodities to individuals greatly in need of assistance. Demand for food assistance at our food banks and soup kitchens is increasing due to the implementation of welfare reform, and I would hope as we move toward conference, that we might be able to find a way at least to keep this program at last year's level, fully aware that the increased demand is occurring in food banks across this country.

In terms of rural water and sewer, while we appreciate the increase of $39.5 million for direct water and sewer loans, we are concerned that this amount simply is not enough. The U.S. Department of Agriculture has told us that over $2.5 billion in backlog remains in the water and sewer program, and we must be able in future years to find additional funding to meet these critical needs for affordable water and sewer necessary to improve the life in our rural areas.

Mr. Chairman, those who serve farmers and work with agriculture are taught over and over again that there is a big difference between money and wealth. Our job on this Committee on Agriculture is to help create the wealth of America through the investments we make in food, fiber, new fuels and forestry production, all essential components.

Market-oriented farm policy means farming for the market and not the government, and requires investments in research and conservation and sustainability, in education and technology transfer, which will keep our agriculture competitive as we move into the new century.

Traditional farm programs under this bill and in the past continue to receive a decreasing portion of Federal support and, in my view, we should be targeting our scarce agricultural dollars to family farmers, especially those who are smaller, to assure competition in an industry now dominated by megagiants.

In recent decades, we have slowly eroded the historic base of American agriculture, the family farmer, moving more in the direction of giant corporate farms. It is kind of interesting to look at the numbers in the area of agriculture trade. We have to work hard to keep our edge in the international marketplace.

As American agricultural exports grow and weather the volatile global markets, foreign agricultural exports are being shipped to the United States in greater magnitude. Since the early 1980s, U.S. agricultural exports initially declined from a level of about $43 billion to a low of $26 billion in 1986, and then hit a record level of $60 billion in exports in 1996. While that looks great in terms of overall dollar value, the fact is that the price per bushel to the average farmer has not really gone up, but in fact they are having to sell greater volumes and try to farm greater acreage in order just to meet the income levels they were able to achieve in the past. In many cases, products that our own farmers grow and process are being replaced by imports coming into our shores.

Mr. Chairman, in closing, I want to express my appreciation again to the gentleman from New Mexico (Mr. SKEEN) for putting together the best bill that we could under the circumstances that we were dealt.

Let me remind our colleagues that the agriculture portion of Federal spending has taken more than its fair share of cuts in these past several years. Discretionary funding for this coming year is $130 million below comparable spending of last year, but total amounts provided under this bill, both in the mandatory and discretionary accounts, have declined by almost 30 percent, by one-third, since 1994. It is clear that agriculture, rural development and nutritional programs continue to bear more than their fair share of overall budget reductions.

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

Mr. SKEEN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. WALSH).

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

Mr. WALSH. Mr. Chairman, I rise in strong support of the bill crafted by the gentleman from New Mexico (Chairman SKEEN) and the gentlewoman from Ohio (Ms. KAPTUR), the ranking member.

Mr. SKEEN. Mr. Chairman, I yield 6 minutes to the gentleman from Washington State Mr. NETHERCUTT), a member of the committee.

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

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

Mr. Chairman, I am delighted to support this agriculture appropriations bill and to salute the gentleman from New Mexico (Chairman SKEEN) and the gentlewoman from Ohio (Ms. KAPTUR), and, most especially, the people on our subcommittee, but also in addition the great professional staff that has assisted in putting this bill together, which been such a good resource for all of us who serve on this committee.

In particular, we have had a rather arduous undertaking to work through the issue of sanctions exemption that appear in this bill, as the gentlewoman from Ohio (Ms. KAPTUR) mentioned in her opening statement. Fundamentally, this sanctions language is going to be of great assistance to the agriculture community in this country.

The industry, the economy of agriculture, has never been more important with regard to low wheat prices in the West and across the country for

other commodities. It is insane that our country would impose unilateral sanctions on the industry that is there to provide food and fiber and assistance to people who are hungry, not only in our country but in all countries of the world, not the least of which are Pakistan and India, which deal very prominently with my State of Washington, in the export of wheat products and wheat to Pakistan. It is a huge market for us, and for the law to impose unilateral sanctions seems to me wrongheaded.

What we tried to do on the subcommittee was to provide the fastest method possible to get the sanctions exemption under the Arms Export Control Act, so we added it to the agriculture appropriations bill, and, through a bipartisan effort, not just within our committee, the subcommittee and the full committee, but outside the committee, the gentleman from Oregon (Chairman SMITH), the gentleman from North Dakota Mr. POMEROY), the gentleman from Kansas Mr. MORAN), the gentleman from my own State of Washington Mr. HASTINGS) on the Committee on Rules, the gentleman from Montana Mr. HILL), the gentleman from Illinois (Mr. (LAHOOD) and many others, who got involved in saying we must exempt these sanctions from agriculture.

It is in the bill, it is a very important measure, and I am delighted it was able to stay through the assistance of a lot of people.

Other than that, this is a bill that funds agriculture research very, very effectively. It goes above the President's request for budget approval of agriculture research and it restores the facilities that were reduced in the budget by the President to Prosser, Washington, and Mandan, North Dakota, which are two very important facilities that will very much help agriculture and agriculture research.

One of the things we passed when we adopted the farm bill two years ago was that we assured the farmers that we must have a strong agriculture research component if the freedom to farm concept was going to be successful. Not only research, but tax relief and exports. Those three components were the most important, as well as regulatory reform.

This bill restores some of that agriculture research funding that is so critical to agriculture research and the success of the agriculture economy across the country.

Mr. Chairman, I want to speak in favor of the special grants. I know it is nice to say ''Let's have everything peer-reviewed,'' but there are some areas of the country that have unique disease programs or yield problems that need a special grant. So I am here to argue very forcefully in favor of special grants, some of which benefit my Pacific Northwest region of the country, but other regions of the country as well. That is a very important component of this bill.

One other thing that I think is very important that is not precisely agriculture-related but affects the welfare of people around the country has to do with diabetes. In the bill we have language that would provide for a pilot demonstration project to rural residents of Hawaii and Washington. They will get access to state-of-the-art health technology and education related to diabetes and diabetes complications through the existing Extension Service county office structure and communications system.

Josslin Diabetes Center, located in Boston, Massachusetts is recognized as the world leader in diabetes research and clinical care. It is going to lend its technology and advanced care pilot program not only through the Department of Defense and Veterans Affairs, but through the Department of Agriculture. It is going to help Native American people all over this country if we can have this diabetes demonstration project undertaken.

Remember, diabetes affects all races and religions. It especially hits our minority populations, and through this Extension Service assistance, diabetes research will be advanced and people will be helped.

We are going to restore PL 480 programs in this bill. We are going to restore the market access program. We are going to have food distribution program language through the Department of Agriculture that is going to greatly help Native American children. We now give fatty foods through our program under the Indian reservation distribution program, and, with the language that we have imposed here, the Department of Agriculture will be working with the Indian Health Service in trying to work through and make sure we give good food to these Indian children, who are the beneficiaries of this food program, all be they laudable, but we want to be sure these kids are not unnecessarily treated to diabetes.

So, overall, this is a great bill. The gentlewoman from Ohio (Ms. KAPTUR), the gentleman from New Mexico Mr. SKEEN) and all the professional staff and the full Committee on Appropriations looked very carefully at this bill, and we very much support it. I urge all of my colleagues to resist many of these amendments that would change this bill. Let us pass it today and really assist American agriculture to the greatest extent that we can.

Ms. KAPTUR. Mr. Chairman, I yield 3 minutes to the gentlewoman from North Carolina (Mrs. CLAYTON).

Mrs. CLAYTON. Mr. Chairman, I thank the gentlewoman for yielding me this time.

Mr. Chairman, I also want to rise in support of this bill and to commend the gentleman from New Mexico (Chairman SKEEN) and the ranking member, the gentlewoman from Ohio (Ms. KAPTUR) for the very fine, persistent and diligent work they have done to bring this bill to the floor.

This is a comprehensive bill. It affects a wide range of constituents, so there are different sectors of our communities who are concerned about its success or its failure.

□ 1215

I want to tell the Members, this bill does bring some unique opportunities. It is an opportunity to right a wrong. In the self-executing rule that was just passed was a provision of opportunity, removing a stumbling block that thousands of minority black farmers have had in not being able to have their case adjudicated before the courts or administrative remedies. So I want to thank both sides of the aisle, but particularly the gentleman from New Mexico (Mr. SKEEN) and the gentlewoman from Ohio (Ms. MARCY KAPTUR) and the leadership for bringing this to the floor.

It also has the opportunity to make sure we do not use food as a sanction in the cases of India and Pakistan. I think those are obviously commendable areas.

I also want to raise the issue of providing new opportunities for inspection of food and quality of food, new resources for conservation and clean water. Many of our farm areas are impacted and need this additional assistance to make sure they have a continuous opportunity for providing those resources to keep their environment clean.

However, there are some shortcomings to this bill. We just signed the bill on research over at the White House a few minutes ago, and this bill, by this act, will now zero out what we have just said. I think that is a mistake. It removes the infrastructure for water and sewer and some of the housing initiatives that rural areas had. Also, we reduce, in my judgment below the need to do it, both the WIC and nutritional program and the emergency food program. I hope at least we have an opportunity to look at the amendment.

All in all, this is a good bill. It is a bill that not only does a fair appropriation of our scarce resources for a wide range, but we have an opportunity to right a wrong. Righting that wrong is to afford all Americans the opportunity to use our resources for agriculture and growing. The black farmers who have been denied that opportunity want to say, through me, they certainly appreciate this opportunity to have that remedy in court.

Mr. SKEEN. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon (Mr. SMITH).

(Mr. SMITH of Oregon asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Oregon. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in support of H.R. 4101, the agriculture appropriation bill. I wanted to, indeed, thank the gentleman from New Mexico (Chairman SKEEN) and the gentlewoman from

Ohio (Ms. KAPTUR) for bringing up this very important legislation. I wanted to commend both of them and their staffs for their hard work in achieving balance with limited resources.

I want to particularly commend the gentleman from Washington (Mr. NETHERCUTT) for his hard work to eliminate an immediate threat to America's farmers. The Nethercutt amendment included in the bill fixes a problem that was created by, I think, an erroneous interpretation of the Arms Export Control Act.

The Nethercutt amendment clarifies that USDA credit, credit guarantees, or other financial assistance for the purchase or provision of food or agricultural commodities are not included in the sanctions provided for in section 102 of the Arms Export Control Act.

Mr. Chairman, this bill, as reported by the Committee on Rules, also deals with an issue that has directly concerned me and other members of the Committee on Agriculture for the past 2 years, providing access to judicial and administrative remedies to hundreds of black farmers who have been the victims of racial discrimination in the operation of the Department of Agriculture programs.

Because of a statutory limitation, these farmers have been barred from seeking appropriate relief. An amendment worked out by the Committee on the Judiciary and other interested parties, and that is contained in this bill, would allow persons who have filed complaints of racial or other discrimination to seek redress in the Federal court system.

Mr. Chairman, Congress passed a monumental reform to our Nation's agricultural policy in 1996. At that time we eliminated depression-era production controls and subsidies. Congress promised American farmers that we would replace these outdated programs with a new emphasis on research, on risk management, and regulatory reform. Three weeks ago Congress passed the Agricultural Research, Extension, and Education Reform Act of 1998 in which we voted overwhelmingly to shift spending from bureaucracy to the cutting edge of research.

Just a short term ago, today, the President signed that bill into law. Due to tremendous resource constraints and competing priorities, the Committee on Appropriations was forced to offset the cost for existing programs and other new initiatives by eliminating this new and vital research program.

Mr. Chairman, I would like to strongly encourage my friend and colleague, the gentleman from New Mexico (Mr. SKEEN) to work with his counterparts in the Senate to reprioritize programs so they can restore these important funds. I understand that this will be a difficult challenge, but it is essential that this program be funded.

Mr. Chairman, I would ask to enter into a colloquy with the gentleman from New Mexico, Mr. SKEEN.

I would say to the chairman, as he knows, on June 14 the House passed the conference report on S. 1150, the Agricultural Research, Extension, and Education Reform Act of 1998, by a vote of 364 to 50. The House vote overwhelmingly to shift spending from the bureaucracy to cutting edge research, and allocated $120 million for that purpose.

Unfortunately, the bill before us provides no funding for this program, while the Senate measure includes full funding.

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

Mr. SMITH of Oregon. I yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Chairman, due to tremendous resource constraints and competing priorities, the Committee on Appropriations was forced to offset the costs for existing programs and other new initiatives by eliminating this new and vital research program.

Mr. SMITH of Oregon. Mr. Chairman, many of our colleagues representing the agriculture community ask that you give funding consideration to this important function when again you meet with the Senate in conference.

Mr. SKEEN. The Committee on Appropriations is often faced with the difficult task of striking a balance among competing and worthy initiatives. Research has always been a priority of mine. I can assure the gentleman that it will be a priority during the conference negotiations. I appreciate gentleman's adherence to it.

Mr. SMITH of Oregon. I indeed thank the chairman for his assistance in this matter.

Ms. KAPTUR. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Chairman, I would like to engage in a colloquy with the ranking member.

Mr. Chairman, I say to the chairman of the committee and the ranking member, first of all, let me commend them for the outstanding work they have done on bringing this bill to the floor, and also especially for recognizing the unique problems and needs of African-American farmers.

I would like to bring to the Members' attention and to the attention of the floor a project that has significant support but was not included for funding in this bill.

The AGD project is a plant genome sequencing project being undertaken by Loyola University of Chicago, in conjunction with the University of Illinois at Chicago. This is an important project that has positive implications for agriculture and agribusinesses, both in the United States and abroad.

Back on March 16 Members of this body, both Republicans and Democrats, even members of the Committee on Appropriations, requested that specific funding be made available for this project. However, it is my understanding that except in very limited circumstances, no new projects were funded under the research and educational activities account.

I would ask the gentlewoman, is that correct?

Ms. KAPTUR. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Illinois. I yield to the gentlewoman from Ohio.

Ms. KAPTUR. That is correct.

Mr. DAVIS of Illinois. While I understand that not every project that is requested can be funded, the AGD project is an extremely important one. Congress has already recognized the critical role plant genomic research plays in the improvement of crop production and increased productivity.

I am hopeful that projects like the AGD, which received such vigorous support for funding from so many Members of this body but were not specifically funded in this bill, be given special consideration for funding as we move to conference.

I would appreciate a response, Mr. Chairman.

Ms. KAPTUR. If the gentleman will continue to yield, Mr. Chairman, I want to thank the Congressman for being so vigilant on this particular request for plant genome sequencing at Loyola University of Chicago. No one has been a stronger advocate in this Congress than has the gentleman from Illinois (Mr. DAVIS).

We will work with him as this legislative process moves forward, and urge the gentleman to also consider pursuing funding in the National Science Foundation plant genome initiative. But we will continue to work with the gentleman.

Mr. DAVIS of Illinois. I thank the gentlewoman very much.

Mr. SKEEN. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. RADANOVICH).

Mr. RADANOVICH. Mr. Chairman, I seek to enter into a colloquy with my chairman, the gentleman from New Mexico (Mr. SKEEN).

Mr. Chairman, I would like to take just a moment to address the issue of funding for the Agriculture Quarantine Inspection Program that prevents the entry of exotic animals and pests into the United States.

Funding for AQI is of great importance to my district, which includes the two largest agriculture producing counties in the Nation. As we know, the authorized funding level for AQI is $100 million. However, the FY 1999 appropriation for the program was set at $88 million.

Does that mean that the committee believes that the annual appropriation for AQI should only be at $88 million per fiscal year?

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

Mr. RADANOVICH. I yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Chairman, I thank the gentleman for his concern and his strong support of American agriculture. The committee strongly supports the AQI program, but our budget situation will only allow us a level of $88 million in user fees. There is, however, an additional $30 million in appropriated funds for this program. I

thank the gentleman again, and look forward to working with him.

Mr. RADANOVICH. I appreciate the clarification, Mr. Chairman, and look forward to working with the gentleman and all the members of the committee next year in seeking full funding for AQI in the next fiscal year.

Mr. SKEEN. I thank the gentleman.

Ms. KAPTUR. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin (Mr. KIND).

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

Mr. Chairman, I rise today in strong opposition to this bill as currently drafted. I would urge my colleagues today to support the amendments that will be offered that will strip the dairy provisions from this bill.

More specifically, Mr. Chairman, section 736 was added to this annual agricultural appropriations bill. It allows Congress to delay reforming the Federal milk marketing ordering system for another 6 months. It also allows the ill-advised Northeast Dairy Compact to remain intact for an additional 6 months.

In the 1996 Freedom to Farm bill, Mr. Chairman, Congress was unable to find a legislative remedy for the regional dairy policy which has been in existence for too long that has pitted producers in various regions of this country against one another. That bill instead authorized the Department of Agriculture to develop a market-oriented system.

Now some Members of this Congress, through a back room deal, have decided that reform should be delayed another 6 months, which would also extend to the New England Dairy Compact. Who knows how much longer it is going to be delayed beyond that point?

Mr. Chairman, the Secretary's office has informed me that they are on track for passing the final rule this fall and implementing it early next year. They have had public hearings, they have accepted public comment. They are ready to go forward with this market-oriented reform of dairy policy. This legislation would set that effort back.

I would say, let us stop delaying the inevitable. Instead, let us allow a fair market-oriented dairy policy to take effect. The 1996 farm bill held out the promise that farmers could produce for the marketplace, rather than for a government program. Today dairy farmers and consumers should not be subjected any longer to a Depression-era dairy policy in this country.

Let us let the Department of Agriculture do its job, Mr. Chairman. I would encourage my colleagues to support the amendments that are going to be offered a little later this afternoon that would strip the dairy provisions and allow the Department of Agriculture to move forward on a more market-oriented, fairer system for our dairy producers throughout the entire country.

Mr. SKEEN. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. KUCINICH).

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

Mr. Chairman, as the gentleman knows, Congress debated the issue of national organic standards in 1990 by passing the Organic Foods Production Act, requiring the USDA to implement a national organic program.

The proposed rules, however, did not represent the intent of the Organic Foods Production Act, the recommendations of the National Organic Standards Board, or consumer expectations. Organic foods should be grown and processed without synthetic pesticides or chemicals, and organic livestock should be treated humanely and not medicated with steroids or antibiotics.

Over 200,000 people, including 38 Members of Congress, showed their support for high standards during the public comment period. I would like to ask the chairman if he supports further revision of the proposed rule for organic standards, in collaboration with the NOSB and within the guidelines of the OFPA, and if he supports providing adequate resources for the national organic program and the NOSB.

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

Mr. KUCINICH. I yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Chairman, I would tell the gentleman that Congress has shown its commitment to high organic standards, and that commitment will continue.

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The USDA is committed to developing organic standards that everyone will accept, and the rulemaking procedure should continue with the help of public comments and the NOSB recommendations.

Mr. KUCINICH. Mr. Chairman, reclaiming my time, I applaud USDA for revising the rule. And I hope the gentleman agrees that a second draft be released in a timely manner. I thank the gentleman from New Mexico (MR. SKEEN) for his time, and I look forward to working with him on this issue in the future.

Mr. SKEEN. Mr. Chairman, I too look forward to reviewing the second draft of the proposed rule soon.

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

Mr. Chairman, we have no further requests for time. I want to acknowledge the hardworking members of our staff, certainly Mr. Tim Sanders, Sally Chadbourne, Bobbie Jeanquart, and John Ziolkowski have served us so very well during this process and we want to thank them very, very much for doing the very best job they could for our country.

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

Mr. SKEEN. Mr. Chairman, I thank the gentlewoman from Ohio (Ms. KAPTUR) and I would to follow her lead on those remarks and the appreciation that we have for the folks that work with us day after day.

Ms. DELAURO. Mr. Chairman, I would like to thank Representative SKEEN and Representative KAPTUR for all of their hard work. I know it has been difficult to balance the many important priorities that this bill must fund, especially given the funding constraints that Congress faces.

I am, however, very concerned that we could not do more to support vital programs that improve the day-to-day-lives of American families. I am concerned that the real and urgent needs of this country—to reduce smoking among young people, to protect the safety of our food, and to ensure high-quality nutrition for mothers and their children—could not receive the full attention that they deserve.

One of the most serious issues before this nation is tobacco use among America's youth. For years, the tobacco industry deliberately targeted children. Now, an astounding 4.5 million 12–17 year-olds smoke. Three thousand young people under the age of 18 become regular smokers each day. And when children this young take up smoking, they do not shake the habit easily. Almost 90 percent of adult smokers began by age 18.

This year, the President requested a $100 million increase to expand FDA enforcement of laws prohibiting tobacco sales to minors and to expand the FDA's national public education campaign to get the word out to Americans across the country that these laws are being enforced. Sadly, this bill does not provide this important investment.

I also am disappointed that, while this bill includes an additional $15 million over current spending levels for the President's food safety initiative, additional resources are not available for both the FDA and USDA to ensure the safety of our food supply. Americans need to be able to sit down together at the table and know that everything possible has been done to ensure that their meals are free from contamination.

But each year, an estimated 9,000 Americans die, and another 5 million get sick, from food-borne pathogens. If we are truly going to protect the health of American families, we must commit greater resources to assure the safety of their food and produce. Americans deserve better safeguards, stronger enforcement, and greater research and understanding of how our food supply becomes contaminated.

Furthermore, I am disappointed that the WIC program could not be funded to reach more mothers and their children. WIC currently guarantees that 7.4 million young women and their children receive adequate nutrition and health advice—preventing future illnesses and other health problems in their lives.

WIC dollars are excellent long-term investments in America's future. Each dollar spent on WIC yields more than three dollars in savings to the government through reduced spending on programs such as Medicaid.

I am pleased that this bill requires WIC to streamline its program and eliminate waste, providing more services to more deserving people, yielding higher returns on the dollar.

Thank you again Representative SKEEN and Representative KAPTUR for crafting this bill under such difficult funding restrictions. But, I must emphasize that, as members of Congress, it is our responsibility to invest in programs that ensure the long-term safety and

security of Americans and their families. The Tobacco Initiative, WIC and the Food Safety Initiative do exactly that. They deserve our commitment to the highest levels possible.

Mr. HILLEARY. Mr. Chairman, I rise today in strong support of this important agriculture bill. I want to thank the distinguished Chairman of the Agriculture Appropriations subcommittee for his hard work in bringing a solid bill to the floor in which our agricultural community so desperately relies on.

Additionally, I would like to say that I am in support of the Horse Protection language that is included. As we know, there has been a sizable uproar over the USDA's Animal and Health Inspection Services' (APHIS) implementation of the Horse Protection Strategic Plan.

I have been actively involved with USDA, APHIS, the horse show industry and my constituents on this important issue, trying to strike a common ground on a fair and just plan. I have attended many public and private meetings with all sides and have worked with other Representatives to try and gage USDA's position.

The Horse Protection Act of 1976, protects show horses from injury and abusive training practices. Since 1976, this Act has authorized the establishment of industry inspection programs to assist the Department with its enforcement efforts at more than 1000 Walking Horse shows annually. Six industry regulatory organizations and inspection programs currently have been certified by the Department to conduct inspections and otherwise carry out the regulatory responsibilities of the Act.

In December of 1997, APHIS released its Strategic Plan for Horse Protection outlining several proposals for industry self-regulation. Unfortunately, the Plan does not adequately address all of the issues which need to be resolved. The Committee has included important report language that will assist the USDA and the horse show industry, in reaching fair and universal practices, procedures, penalties and guidelines. There is still a sizable amount of disagreement on who is qualified to regulate and how they are trained to execute inspections. Furthermore, examination procedures outlined in the Strategic Plan do not properly reflect appropriate equine medical principles.

For these reasons, I feel that the Department needs to work closely with the six industry regulatory organizations, as well as Congress, to further develop the proper framework for industry self-regulation.

Although this language does not go as far as I would like in an attempt to iron out all the differences between the Department of Agriculture and the Walking Horse Industry, I am pleased that the Committee has shown its concern for an industry that is vital to Tennessee.

Mr. Chairman, Congress needs to remain engaged in our agricultural oversight function and regain control of the situation surrounding the enforcement of the Horse Protection Act. In that regard, I think we have come one step closer with the language included in this bill.

I hope my colleagues on both sides of the aisle will join me in supporting this important horse protection language, as well as this critical agriculture bill.

Mr. PACKARD. Mr. Chairman, I rise in support of H.R. 4101, The Agriculture Appropriations Act of 1999. I want to specifically acknowledge the provision which allots $1 million for pesticide and crop disease research. This will directly benefit Southern California floriculture and nursery crop producers.

With over 20 percent of the total agriculture share, California farmers rank first in the nation in overall production of nursery products. I want to make sure California farmers have every tool available to continue leading the nation. The research this legislation provides is truly what every California grower can support; higher production that's environmentally friendly.

This research can positively impact rural and suburban economies, and increase international competitiveness by helping prevent the spread of pests and diseases among nursery and floriculture crops. Growers in my community made the need for this research very clear. Much of their own success has been a direct result of similar research.

Mr. Chairman, I would like to commend Mr. Skeen for once again producing an Agriculture Appropriations bill that is beneficial for the American farmer. He has done a fabulous job meeting the needs of our nation's agriculturalists.

Farming is still one of the toughest jobs in America. Our nation's farmers can put in a 40 hour work week by Tuesday noon and I want to make sure that is not forgotten here in Washington.

Mr. BONILLA. Mr. Chairman, I rise in support of the Agriculture Appropriations bill. I know the Chairman has worked very hard to bring a balanced bill to the floor today that addresses all of the challenges that face American Agriculture, whether it be the pests that damage our crops to competing in the world market.

I believe that this bill works to balance the needs of agriculture from Texas to Washington to California to Connecticut. It was a very difficult task to balance all of the important competing interests, but the bill before you today does just that and still meets the needs of a balanced budget. This bill provides money to fund vital agriculture research to help our farmers and ranchers become more competitive and improve production, it supports food safety and conserves our natural resources while improving the lives of those who live in rural America.

More specifically the bill provides funding for the boll weevil eradication program which is vital to cotton producers across the cotton belt. The boll weevil is the primary cotton pest and it has cost our economy billions of dollars. Currently five states has passed referenda and are planning for program initiation. This program is at a pivotal point and the money in this bill will allow for full implementation of the program across the cotton belt.

This bill also contains funding to support a variety of research projects for both plants and animals. One example is a research project that enhances cancer fighting agents that occur naturally in vegetables. A super carrot has already been developed and now they are working on other foods.

The Committee has also made a significant commitment to food safety. The bill increases spending on food safety by $20.6 million.

Not only will our producers be growing more food that is better for you we will be able to maintain our outstanding record on food safety. These are just a few examples of very important projects that are in this bill. The list is certainly much longer.

Americans enjoy the world's safest and most abundant food supply. This bill goes a long way to ensure that Americans will continue to enjoy this privilege in the future. The bill supports the people who keep Americans fed and clothed, our food supply safe and I urge my colleagues to support this bill.

Mr. FAZIO of California. Mr. Chairman, I rise in support of H.R. 4101, the Agriculture Appropriations bill for Fiscal Year 1999.

Although this is only my second year of service on the subcommittee, it is also my last year of service due to my retirement, and I want to congratulate and thank my chairman, JOE SKEEN, and the ranking Democrat, MARCY KAPTUR, for their work and assistance this year. I have enjoyed participating in our budget oversight hearings and offering the perspective of California agriculture, the largest agriculture-producing state in the nation.

H.R. 4101 is not a perfect bill, but it is probably the best bill that could come forth after receiving a budget submission from the Administration based on over $750 million of user fees which have not been enacted by Congress. Based on our allocation, our bill is $130 million less than the fiscal year 1998 appropriations. That meant that many difficult decisions had to be made in putting together a bill that would sustain the types of USDA and FDA activities that Americans expect in the areas of food safety, rural development, research, conservation, market promotion and the many other activities in our bill.

The most controversial part of our decision-making stemmed from using savings from mandatory programs—the Fund for Rural America and the new research program in the agricultural research bill—to avoid a set of across-the-board cuts in virtually every program in the bill. Even so, we have held WIC, the Supplemental Nutrition Program for Women, Infants and Children, to last year's appropriations, the first time in many years when we have been unable to provide an increase that would serve additional beneficiaries.

However, we have made some important progress on food safety by adding $15 million to support increased inspection of imported fruits and vegetables by the Food and Drug Administration, as well as new activities of the Food Safety Inspection Service, and new food safety research activities by the Agricultural Research Service and the Cooperative State Research Extension and Economic Service. And $34 million has been provided to continue the President's important initiative to prevent youth smoking.

I have particular praise for several items of importance to California agriculture and to my district.

First, the bill provides funds mandated by the Agriculture Committee for the Market Access Program (MAP). This is a program that traditionally has come under attack on the House floor, but has been supported strongly by the House membership. I am pleased that perhaps this will be the first year that opponents come to their senses and understand both the value of the program and the deepseated support for it.

There is probably no more important tool for export promotion than MAP. In California, where specialty crop agriculture is the rule, export promotion is extremely important.

Agriculture exports climbed to $59.8 billion in fiscal year 1996—up some $19 billion or

close to 50 percent since 1990. In an average week this past year, U.S. producers, processors and exporters shipped more than $1.1 billion worth of food and farm products to foreign markets, compared with about $775 million per week at the start of this decade.

The overall export gains raised the fiscal year 1996 agricultural trade surplus to a new record of $27.4 billion. In the most recent comparisons among 11 major industries, agriculture ranked No. 1 as the leading positive contributor to the U.S. merchandise trade balance.

As domestic farm supports are reduced, export markets become even more critical for the economic well-being of our farmers and rural communities, as well as suburban and urban areas that depend upon the employment generated from increased trade.

Agriculture exports strengthen farm income.

Agriculture exports provide jobs for nearly a million Americans.

Agriculture exports generate nearly $100 billion in related economic activity.

MAP is critical to U.S. agriculture's ability to develop, maintain and expand export markets in the new post-GATT environment, and MAP is a proven success.

In California, MAP has been tremendously successful in helping promote exports of California citrus, raisins, walnuts, prunes, almonds, peaches and other specialty crops.

We have to remember that an increase in agriculture exports means jobs: A 10% increase in agricultural exports creates over 13,000 new jobs in agriculture and related industries like manufacturing, processing, marketing and distribution.

For every $1 we invest in MAP, we reap a $16 return in additional agriculture exports. In short, the Market Promotion Program is a program that performs for American taxpayers.

Second, the committee has continued to provide the greatest possible funding for research in two main forms: through the agricultural research stations of the Agricultural Research Service, and through the special grants and competitive grants in the Cooperative State Research Education and Extension Service.

I am particularly grateful that funds have been provided in support of our nutrition research centers. These centers will play an important role in the food safety research that will be a vital part of the food safety initiative. Funds have also been provided to complete the move of the Western Human Nutrition Research Center to the campus of the University of California at Davis. I believe its location there, along with one of the preeminent nutrition programs in the nation as well as our ag and medical schools, will provide the synergy necessary to make important research strides in the years to come.

There are other research areas of importance to California, including alternatives to the use of methyl bromide, PM–10 particulate air quality research, sustainable agriculture practices, and alternatives to rice straw burning. Viticulture research has received a boost in ARS, and that is in keeping with its growing importance to the U.S. economy. The U.S. grape crop, now grown in over 40 states, has doubled in the last decade from $1.35 billion in 1987 to $2.7 billion in 1997. Grapes are now the highest value fruit crop in the nation and the seventh largest crop grown. Long-term research on rootstocks will assist this burgeoning industry.

Another new initiative that has received attention is a special research grant regarding floriculture and nursery crops. Floriculture and nursery crops represent more than 10% of total U.S. farm crop cash receipts, and I believe this research which will be coordinated with the University of California—Davis and will examine environmental, pest and biodiversity issues, is vital to that component of our country's agriculture. Certainly our future success in agriculture, especially market-oriented agriculture as envisioned by the 1996 Farm Bill, will require an on-going commitment to research if we are to maintain the U.S. lead.

I also appreciate the assistance of the committee in resolving a problem that co-ops in California and elsewhere were experiencing with regard to USDA's commodity purchase program. In the committee's view, USDA was using too restrictive an interpretation about small business set-asides which worked not just against co-ops, but against competitive bidding when USDA conducts surplus commodity buys for the school lunch program and other feeding programs. Language included in the bill directs USDA not to prohibit eligibility or participation by farmer-owned cooperatives, essentially recognizing that they are simply associations of small businesses equally deserving of consideration in these competitive bids.

In short, I support the bill and I think JOE SKEEN and MARCY KAPTUR have done a good job under difficult circumstances. I'll look forward to working with them as we see this bill through conference and into enactment.

Mr. POMEROY. Mr. Chairman, I rise in strong support of the Agriculture Appropriations Act and to commend the good work of the chairman of the subcommittee, Mr. SKEEN, and the ranking member, Mrs. KAPTUR.

I am especially pleased that the bill includes the legislation introduced by Representative NETHERCUTT and myself to clarify the status USDA export credit programs under the Arms Export Control Act. Following the nuclear tests conducted by India and Pakistan last month, a serious question was raised as to whether the GSM program, which provides guaranteed financing for American agriculture exports, would have to be suspended for India and Pakistan. The resolution of this issue is vitally important to American wheat farmers since Pakistan is the third largest wheat market in the world, accounts for 10 percent of all U.S. wheat exports, and relies on the GSM program for nearly all of its U.S. wheat imports.

The Nethercutt-Pomeroy bill provides needed statutory clarification by specifically excluding USDA export programs from the Arms Export Control Act. I commend Mr. NETHERCUTT for his leadership, and I would also like to thank the Administration for endorsing the legislation. Just this morning, the President personally expressed his support for the Nethercutt bill during the White House signing ceremony of the Agriculture Research bill. With all parties firmly behind the legislation, I am encouraged that it will be swiftly adopted and that market disruption will be held to a minimum.

Mr. Chairman, farmers on the Upper Great Plains are already struggling with miserably low market prices, adverse growing conditions, and devastating crop disease. The crisis in farm country demands a multi-faceted response from Congress, including improvements in crop insurance, an enhanced marketing loan, and an expansion of foreign markets. At a minimum, we should not surrender hard-fought and hard-won foreign markets through unilateral sanctions. The Nethercutt-Pomeroy bill ensures that we will not make that mistake.

I urge my colleagues to support the Agriculture Appropriations Act.

Mr. BEREUTER. Mr. Chairman, this Member rises in support of H.R. 4101, the Agriculture Appropriations bill for fiscal year 1999.

This Members would like to commend the distinguished gentleman from New Mexico (Mr. SKEEN), the Chairman of the Agriculture Appropriations Subcommittee, and the distinguished gentlewoman from Ohio (Ms. KAPTUR), the ranking member of the Subcommittee for their hard work in bringing this bill to the Floor.

Mr. Chairman, this Member certainly recognizes the severe budget constraints under which the full Appropriations Committee and the Agriculture Appropriations Subcommittee operated. In light of these constraints, this Member is grateful and pleased that this legislation includes funding for several important projects of interest to the State of Nebraska.

First, this Member is pleased that H.R. 4101 provides $475,000 for the Midwest Advanced Food Manufacturing Alliance. The Alliance is an association of twelve leading research universities and corporate partners. Its purpose is to develop and facilitate the transfer of new food manufacturing and processing technologies.

The Alliance awards grants for research projects on a peer review basis. These awards must be supported by an industry partner willing to provide matching funds. During its third year of competition, the Alliance received 16 proposals requesting $627,968 but it was limited to funding 10 proposals for a total of $348,700. Matching funds from industry partners totaled $780,052 with an additional $158,869 from in-kind contributions. These figures convincingly demonstrate how successful the Alliance has been in leveraging support from the food manufacturing and processing industries.

Mr. Chairman, the future viability and competitiveness of the U.S. agricultural industry depends on its ability to adapt to increasing world-wide demands for U.S. exports of intermediate and consumer good exports. In order to meet these changing world-wide demands, agricultural research must also adapt to provide more emphasis on adding value to our basic farm commodities. The Midwest Advanced Food Manufacturing Alliance can provide the necessary cooperative link between universities and industries for the development of competitive food manufacturing and processing technologies. This will, in turn, ensure that the United States agricultural industry remains competitive in a increasingly competitive global economy.

This Member is also pleased that this bill includes $200,000 to fund a drought mitigation project at the Agricultural Meteorology Department at the University of Nebraska-Lincoln. This level of funding will greatly assist in the further development of a national drought mitigation center. Such a center is important to Nebraska and all arid and semi-arid states. Although drought is one of the most complex and least understood of all natural disasters, no centralized source of information currently exists on drought assessment, mitigation, response, and planning efforts. A national drought mitigation center would develop a

comprehensive program designed to reduce vulnerability to drought by promoting the development and implementation of appropriate mitigation technologies.

Another important project funded by this bill is the Alliance for Food Protection, a joint project between the University of Nebraska and the University of Georgia. The mission of this Alliance is to assist the development and modification of food processing and preservation technologies. This technology will help ensure that Americans continue to receive the safest and highest quality food possible.

This Member is also pleased that the legislation has agreed to fund the following ongoing Cooperative State Research Service (CSRS) projects at the University of Nebraska-Lincoln:

Food Processing Center—$42,000.

Non-food agricultural products—$64,000.

Sustainable agricultural systems—$59,000.

Also, this Member is pleased that H.R. 4101 includes $125 million for the new Section 538, the rural rental multi-family housing loan guarantee program. The program provides a Federal guarantee on loans made to eligible persons by private lenders. Developers will bring ten percent of the cost of the project to the table, and private lenders will make loans for the balance. The lenders will be given a 100% Federal guarantee on the loans they make. Unlike the current Section 515 direct loan Program, where the full costs are borne by the Federal Government, the only costs to the Federal Government under the 538 Guarantee Program will be for administrative costs and potential defaults.

Mr. Chairman, this Member appreciates the Subcommittee's support for the Department of Agriculture's 502 Unsubsidized Loan Guarantee Program. The program has been very effective in rural communities by guaranteeing loans made by approved lenders to eligible income households in small communities of up to 20,000 residents in non-metropolitan areas and in rural areas. The program provides guarantees for 30 year fixed-rate mortgages for the purchase of an existing home or the construction of a new home. The loan amount may be up to 100 percent of a home's market value, with a maximum mortgage amount of $86,317.

Mr. Chairman, in conclusion, this Member supports H.R. 4101 and urges his colleagues to approve it.

Mr. SKEEN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule. The amendment printed in House Report 105–593 is adopted.

During consideration of the bill for amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered as read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any proposed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1999, and for other purposes, namely:

TITLE I

AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

OFFICE OF THE SECRETARY

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Office of the Secretary of Agriculture, and not to exceed $75,000 for employment under 5 U.S.C. 3109, $2,941,000: *Provided,* That not to exceed $11,000 of this amount, along with any unobligated balances of representation funds in the Foreign Agricultural Service, shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary: *Provided further,* That none of the funds appropriated or otherwise made available by this Act may be used to pay the salaries and expenses of personnel of the Department of Agriculture to carry out section 793(c)(1)(C) of Public Law 104–127: *Provided further,* That none of the funds made available by this Act may be used to enforce section 793(d) of Public Law 104–127.

EXECUTIVE OPERATIONS

CHIEF ECONOMIST

For necessary expenses of the Chief Economist, including economic analysis, risk assessment, cost-benefit analysis, and the functions of the World Agricultural Outlook Board, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622g), and including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $5,000 is for employment under 5 U.S.C. 3109, $5,973,000.

NATIONAL APPEALS DIVISION

For necessary expenses of the National Appeals Division, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $25,000 is for employment under 5 U.S.C. 3109, $12,204,000.

OFFICE OF BUDGET AND PROGRAM ANALYSIS

For necessary expenses of the Office of Budget and Program Analysis, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $5,000 is for employment under 5 U.S.C. 3109, $6,120,000.

OFFICE OF THE CHIEF INFORMATION OFFICER

For necessary expenses of the Office of the Chief Information Officer, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $10,000 is for employment under 5 U.S.C. 3109, $5,551,000.

CHIEF FINANCIAL OFFICER

For necessary expenses of the Office of the Chief Financial Officer, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $10,000 is for employment under 5 U.S.C. 3109, $4,283,000: *Provided,* That the Chief Financial Officer shall actively market cross-servicing activities of the National Finance Center.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

For necessary salaries and expenses of the Office of the Assistant Secretary for Administration to carry out the programs funded in this Act, $636,000.

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

(INCLUDING TRANSFERS OF FUNDS)

For payment of space rental and related costs pursuant to Public Law 92–313, including authorities pursuant to the 1984 delegation of authority from the Administrator of General Services to the Department of Agriculture under 40 U.S.C. 486, for programs and activities of the Department which are included in this Act, and for the operation, maintenance, and repair of Agriculture buildings, $132,184,000: *Provided,* That in the event an agency within the Department should require modification of space needs, the Secretary of Agriculture may transfer a share of that agency's appropriation made available by this Act to this appropriation, or may transfer a share of this appropriation to that agency's appropriation, but such transfers shall not exceed 5 percent of the funds made available for space rental and related costs to or from this account. In addition, for construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the programs of the Department, where not otherwise provided, $5,000,000, to remain available until expended; making a total appropriation of $137,184,000.

HAZARDOUS WASTE MANAGEMENT

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Department of Agriculture, to comply with the requirement of section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9607(g), and section 6001 of the Resource Conservation and Recovery Act, 42 U.S.C. 6961, $15,700,000, to remain available until expended: *Provided,* That appropriations and funds available herein to the Department for Hazardous Waste Management may be transferred to any agency of the Department for its use in meeting all requirements pursuant to the above Acts on Federal and non-Federal lands.

DEPARTMENTAL ADMINISTRATION

(INCLUDING TRANSFERS OF FUNDS)

For Departmental Administration, $32,168,000, to provide for necessary expenses for management support services to offices of the Department and for general administration and disaster management of the Department, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $10,000 is for employment under 5 U.S.C. 3109: *Provided,* That this appropriation shall be reimbursed from applicable appropriations in this Act for travel expenses incident to the holding of hearings as required by 5 U.S.C. 551–558.

OUTREACH FOR SOCIALLY DISADVANTAGED FARMERS

For grants and contracts pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279), $3,000,000, to remain available until expended.

OFFICE OF THE ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS

(INCLUDING TRANSFERS OF FUNDS)

For necessary salaries and expenses of the Office of the Assistant Secretary for Congressional Relations to carry out the programs funded in this Act, including programs involving intergovernmental affairs and liaison within the executive branch,

$3,668,000: *Provided,* That no other funds appropriated to the Department by this Act shall be available to the Department for support of activities of congressional relations: *Provided further,* That not less than $2,241,000 shall be transferred to agencies funded in this Act to maintain personnel at the agency level.

OFFICE OF COMMUNICATIONS

For necessary expenses to carry out services relating to the coordination of programs involving public affairs, for the dissemination of agricultural information, and the coordination of information, work, and programs authorized by Congress in the Department, $8,138,000, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed $10,000 shall be available for employment under 5 U.S.C. 3109, and not to exceed $2,000,000 may be used for farmers' bulletins.

OFFICE OF THE INSPECTOR GENERAL

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Office of the Inspector General, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and the Inspector General Act of 1978, $67,178,000, including such sums as may be necessary for contracting and other arrangements with public agencies and private persons pursuant to section 6(a)(9) of the Inspector General Act of 1978, including a sum not to exceed $50,000 for employment under 5 U.S.C. 3109; and including a sum not to exceed $95,000, for certain confidential operational expenses including the payment of informants, to be expended under the direction of the Inspector General pursuant to Public Law 95–452 and section 1337 of Public Law 97–98: *Provided,* That funds transferred to the Office of the Inspector General through forfeiture proceedings or from the Department of Justice Assets Forfeiture Fund or the Department of the Treasury Forfeiture Fund, as a participating agency, as an equitable share from the forfeiture of property in investigations in which the Office of the Inspector General participates, or through the granting of a Petition for Remission or Mitigation, shall be deposited to the credit of this account for law enforcement activities authorized under the Inspector General Act of 1978, to remain available until expended.

OFFICE OF THE GENERAL COUNSEL

For necessary expenses of the Office of the General Counsel, $30,396,000.

OFFICE OF THE UNDER SECRETARY FOR RESEARCH, EDUCATION AND ECONOMICS

For necessary salaries and expenses of the Office of the Under Secretary for Research, Education and Economics to administer the laws enacted by the Congress for the Economic Research Service, the National Agricultural Statistics Service, the Agricultural Research Service, and the Cooperative State Research, Education, and Extension Service, $560,000.

ECONOMIC RESEARCH SERVICE

For necessary expenses of the Economic Research Service in conducting economic research and analysis, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627) and other laws, $67,282,000: *Provided,* That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

NATIONAL AGRICULTURAL STATISTICS SERVICE

For necessary expenses of the National Agricultural Statistics Service in conducting statistical reporting and service work, including crop and livestock estimates, statistical coordination and improvements, marketing surveys, and the Census of Agriculture, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627), the Census of Agriculture Act of 1997 (P.L. 105–113), and other laws, $105,082,000, of which up to $23,141,000 shall be available until expended for the Census of Agriculture: *Provided,* That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $40,000 shall be available for employment under 5 U.S.C. 3109.

AGRICULTURAL RESEARCH SERVICE

For necessary expenses to enable the Agricultural Research Service to perform agricultural research and demonstration relating to production, utilization, marketing, and distribution (not otherwise provided for); home economics or nutrition and consumer use including the acquisition, preservation, and dissemination of agricultural information; and for acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed $100, and for land exchanges where the lands exchanged shall be of equal value or shall be equalized by a payment of money to the grantor which shall not exceed 25% of the total value of the land or interests transferred out of Federal ownership, $755,816,000: *Provided,* That appropriations hereunder shall be available for temporary employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $115,000 shall be available for employment under 5 U.S.C. 3109: *Provided further,* That appropriations hereunder shall be available for the operation and maintenance of aircraft and the purchase of not to exceed one for replacement only: *Provided further,* That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250 for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of constructing any one building shall not exceed $250,000, except for headhouses or greenhouses which shall each be limited to $1,000,000, and except for ten buildings to be constructed or improved at a cost not to exceed $500,000 each, and the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building or $250,000, whichever is greater: *Provided further,* That the limitations on alterations contained in this Act shall not apply to modernization or replacement of existing facilities at Beltsville, Maryland: *Provided further,* That appropriations hereunder shall be available for granting easements at the Beltsville Agricultural Research Center, including an easement to the University of Maryland to construct the Transgenic Animal Facility which upon completion shall be accepted by the Secretary as a gift: *Provided further,* That the foregoing limitations shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C. 113a): *Provided further,* That funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing or operating any research facility or research project of the Agricultural Research Service, as authorized by law. None of the funds in the foregoing paragraph shall be available to carry out research related to the production, processing or marketing of tobacco or tobacco products.

In fiscal year 1999 the agency is authorized to charge fees, commensurate with the fair market value, for any permit, easement, lease, or other special use authorization for the occupancy or use of land and facilities (including land and facilities at the Beltsville Agricultural Research Center) issued by the agency as authorized by law, and such fees shall be credited to this account, and shall remain available until expended, for authorized purposes.

BUILDINGS AND FACILITIES

For acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the agricultural research programs of the Department of Agriculture, where not otherwise provided, $61,380,000, to remain available until expended (7 U.S.C. 2209b): *Provided,* That funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing any research facility of the Agricultural Research Service, as authorized by law.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

RESEARCH AND EDUCATION ACTIVITIES

For payments to agricultural experiment stations, for cooperative forestry and other research, for facilities, and for other expenses, including $168,734,000 to carry into effect the provisions of the Hatch Act (7 U.S.C. 361a–i); $20,497,000 for grants for cooperative forestry research (16 U.S.C. 582a–a7); $27,735,000 for payments to the 1890 land-grant colleges, including Tuskegee University (7 U.S.C. 3222); $49,273,000 for special grants for agricultural research (7 U.S.C. 450i(c)); $15,048,000 for special grants for agricultural research on improved pest control (7 U.S.C. 450i(c)); $99,550,000 for competitive research grants (7 U.S.C. 450i(b)); $4,775,000 for the support of animal health and disease programs (7 U.S.C. 3195); $700,000 for supplemental and alternative crops and products (7 U.S.C. 3319d); $3,000,000 for higher education graduate fellowships grants (7 U.S.C. 3152(b)(6)), to remain available until expended (7 U.S.C. 2209b); $4,350,000 for higher education challenge grants (7 U.S.C. 3152(b)(1)); $1,000,000 for a higher education multicultural scholars program (7 U.S.C. 3152(b)(5)), to remain available until expended (7 U.S.C. 2209b); $3,000,000 for an education grants program for Hispanic-serving Institutions (7 U.S.C. 3241); $3,880,000 for aquaculture grants (7 U.S.C. 3322); $8,000,000 for sustainable agriculture research and education (7 U.S.C. 5811); $9,200,000 for a program of capacity building grants (7 U.S.C. 3152(b)(4)) to colleges eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321–326 and 328), including Tuskegee University, to remain available until expended (7 U.S.C. 2209b); $1,450,000 for payments to the 1994 Institutions pursuant to section 534(a)(1) of Public Law 103–382; $200,000 for teaching grants for public secondary education and 2-year postsecondary education (7 U.S.C. 3152(h)), to remain available until expended; and $10,733,000 for necessary expenses of Research and Education Activities, of which not to exceed $100,000 shall be for employment under 5 U.S.C. 3109; in all, $431,125,000.

None of the funds in the foregoing paragraph shall be available to carry out research related to the production, processing or marketing of tobacco or tobacco products.

NATIVE AMERICAN INSTITUTIONS ENDOWMENT FUND

For establishment of a Native American institutions endowment fund, as authorized by Public Law 103–382 (7 U.S.C. 301 note), $4,600,000.

EXTENSION ACTIVITIES

Payments to States, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, Micronesia, Northern Marianas, and American Samoa: For payments for cooperative

extension work under the Smith-Lever Act, to be distributed under sections 3(b) and 3(c) of said Act, and under section 208(c) of Public Law 93–471, for retirement and employees' compensation costs for extension agents and for costs of penalty mail for cooperative extension agents and State extension directors, $268,493,000; payments for extension work at the 1994 Institutions under the Smith-Lever Act (7 U.S.C. 343(b)(3)), $2,000,000; payments for the nutrition and family education program for low-income areas under section 3(d) of the Act, $56,147,000; payments for a pesticides applicator training program under section 3(d) of the Act, $300,000; payments for the pest management program under section 3(d) of the Act, $10,783,000; payments for the farm safety program under section 3(d) of the Act, $3,000,000; payments for the pesticide impact assessment program under section 3(d) of the Act, $3,214,000; payments to upgrade 1890 land-grant college research, extension, and teaching facilities as authorized by section 1447 of Public Law 95–113 (7 U.S.C. 3222b), $8,549,000, to remain available until expended; payments for the rural development centers under section 3(d) of the Act, $908,000; payments for a groundwater quality program under section 3(d) of the Act, $10,061,000; payments for youth-at-risk programs under section 3(d) of the Act, $9,000,000; payments for a food safety program under section 3(d) of the Act, $3,500,000; payments for carrying out the provisions of the Renewable Resources Extension Act of 1978, $3,192,000; payments for Indian reservation agents under section 3(d) of the Act, $1,672,000; payments for sustainable agriculture programs under section 3(d) of the Act, $3,309,000; payments for cooperative extension work by the colleges receiving the benefits of the second Morrill Act (7 U.S.C. 321–326 and 328) and Tuskegee University, $25,090,000; and for Federal administration and coordination including administration of the Smith-Lever Act, and the Act of September 29, 1977 (7 U.S.C. 341–349), and section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301 note), and to coordinate and provide program leadership for the extension work of the Department and the several States and insular possessions, $7,571,000; in all, $416,789,000: *Provided,* That funds hereby appropriated pursuant to section 3(c) of the Act of June 26, 1953, and section 506 of the Act of June 23, 1972, shall not be paid to any State, the District of Columbia, Puerto Rico, Guam, or the Virgin Islands, Micronesia, Northern Marianas, and American Samoa prior to availability of an equal sum from non-Federal sources for expenditure during the current fiscal year.

OFFICE OF THE ASSISTANT SECRETARY FOR MARKETING AND REGULATORY PROGRAMS

For necessary salaries and expenses of the Office of the Assistant Secretary for Marketing and Regulatory Programs to administer programs under the laws enacted by the Congress for the Animal and Plant Health Inspection Service, the Agricultural Marketing Service, and the Grain Inspection, Packers and Stockyards Administration, $642,000.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

(INCLUDING TRANSFERS OF FUNDS)

For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947 (21 U.S.C. 114b–c), necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine, and regulatory activities; to discharge the authorities of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468; 7 U.S.C. 426–426b); and to protect the environment, as authorized by law, $424,500,000, of which $4,105,000 shall be available for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency conditions: *Provided,* That no funds shall be used to formulate or administer a brucellosis eradication program for the current fiscal year that does not require minimum matching by the States of at least 40 percent: *Provided further,* That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $40,000 shall be available for employment under 5 U.S.C. 3109: *Provided further,* That this appropriation shall be available for the operation and maintenance of aircraft and the purchase of not to exceed four, of which two shall be for replacement only: *Provided further,* That, in addition, in emergencies which threaten any segment of the agricultural production industry of this country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as he may deem necessary, to be available only in such emergencies for the arrest and eradication of contagious or infectious disease or pests of animals, poultry, or plants, and for expenses in accordance with the Act of February 28, 1947, and section 102 of the Act of September 21, 1944, and any unexpended balances of funds transferred for such emergency purposes in the next preceding fiscal year shall be merged with such transferred amounts: *Provided further,* That appropriations hereunder shall be available pursuant to law (7 U.S.C. 2250) for the repair and alteration of leased buildings and improvements, but unless otherwise provided the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

In fiscal year 1999 the agency is authorized to collect fees to cover the total costs of providing technical assistance, goods, or services requested by States, other political subdivisions, domestic and international organizations, foreign governments, or individuals, provided that such fees are structured such that any entity's liability for such fees is reasonably based on the technical assistance, goods, or services provided to the entity by the agency, and such fees shall be credited to this account, to remain available until expended, without further appropriation, for providing such assistance, goods, or services.

Of the total amount available under this heading in fiscal year 1999, $88,000,000 shall be derived from user fees deposited in the Agricultural Quarantine Inspection User Fee Account.

BUILDINGS AND FACILITIES

For plans, construction, repair, preventive maintenance, environmental support, improvement, extension, alteration, and purchase of fixed equipment or facilities, as authorized by 7 U.S.C. 2250, and acquisition of land as authorized by 7 U.S.C. 428a, $5,200,000, to remain available until expended.

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

For necessary expenses to carry out services related to consumer protection, agricultural marketing and distribution, transportation, and regulatory programs, as authorized by law, and for administration and coordination of payments to States; including field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $90,000 for employment under 5 U.S.C. 3109, $46,567,000, including funds for the wholesale market development program for the design and development of wholesale and farmer market facilities for the major metropolitan areas of the country: *Provided,* That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

Fees may be collected for the cost of standardization activities, as established by regulation pursuant to law (31 U.S.C. 9701).

LIMITATION ON ADMINISTRATIVE EXPENSES

Not to exceed $60,730,000 (from fees collected) shall be obligated during the current fiscal year for administrative expenses: *Provided,* That if crop size is understated and/or other uncontrollable events occur, the agency may exceed this limitation by up to 10 percent with notification to the Appropriations Committees.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

(INCLUDING TRANSFERS OF FUNDS)

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for: (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in this Act; and (3) not more than $10,998,000 for formulation and administration of marketing agreements and orders pursuant to the Agricultural Marketing Agreement Act of 1937, and the Agricultural Act of 1961.

PAYMENTS TO STATES AND POSSESSIONS

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), $1,200,000.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses to carry out the provisions of the United States Grain Standards Act, for the administration of the Packers and Stockyards Act, for certifying procedures used to protect purchasers of farm products, and the standardization activities related to grain under the Agricultural Marketing Act of 1946, including field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $25,000 for employment under 5 U.S.C. 3109, $27,542,000: *Provided,* That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

LIMITATION ON INSPECTION AND WEIGHING SERVICE EXPENSES

Not to exceed $42,557,000 (from fees collected) shall be obligated during the current fiscal year for inspection and weighing services: *Provided,* That if grain export activities require additional supervision and oversight, or other uncontrollable factors occur, this limitation may be exceeded by up to 10 percent with notification to the Appropriations Committees.

FOOD SAFETY AND INSPECTION SERVICE

For necessary expenses of the Office of the Under Secretary for Food Safety and to carry out services authorized by the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act, $609,250,000, and in addition,

$1,000,000 may be credited to this account from fees collected for the cost of laboratory accreditation as authorized by section 1017 of Public Law 102–237: *Provided,* That this appropriation shall not be available for shell egg surveillance under section 5(d) of the Egg Products Inspection Act (21 U.S.C. 1034(d)): *Provided further,* That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $75,000 shall be available for employment under 5 U.S.C. 3109: *Provided further,* That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

OFFICE OF THE UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES

For necessary salaries and expenses of the Office of the Under Secretary for Farm and Foreign Agricultural Services to administer the laws enacted by Congress for the Farm Service Agency, the Foreign Agricultural Service, the Risk Management Agency, and the Commodity Credit Corporation, $597,000.

FARM SERVICE AGENCY

SALARIES AND EXPENSES

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses for carrying out the administration and implementation of programs administered by the Farm Service Agency, $724,499,000, of which not less than $10,000,000 is for purchases of equipment or studies related to the Service Center Initiative Common Computing Environment: *Provided,* That the Secretary is authorized to use the services, facilities, and authorities (but not the funds) of the Commodity Credit Corporation to make program payments for all programs administered by the Agency: *Provided further,* That other funds made available to the Agency for authorized activities may be advanced to and merged with this account: *Provided further,* That these funds shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $1,000,000 shall be available for employment under 5 U.S.C. 3109.

STATE MEDIATION GRANTS

For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987 (7 U.S.C. 5101–5106), $2,000,000.

DAIRY INDEMNITY PROGRAM

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses involved in making indemnity payments to dairy farmers for milk or cows producing such milk and manufacturers of dairy products who have been directed to remove their milk or dairy products from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government, and in making indemnity payments for milk, or cows producing such milk, at a fair market value to any dairy farmer who is directed to remove his milk from commercial markets because of: (1) the presence of products of nuclear radiation or fallout if such contamination is not due to the fault of the farmer; or (2) residues of chemicals or toxic substances not included under the first sentence of the Act of August 13, 1968 (7 U.S.C. 450j), if such chemicals or toxic substances were not used in a manner contrary to applicable regulations or labeling instructions provided at the time of use and the contamination is not due to the fault of the farmer, $450,000, to remain available until expended (7 U.S.C. 220(b): *Provided,* That none of the funds contained in this Act shall be used to make indemnity payments to any farmer whose milk was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government: *Provided further,* That this amount shall be transferred to the Commodity Credit Corporation: *Provided further,* That the Secretary is authorized to utilize the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of making dairy indemnity disbursements.

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For gross obligations for the principal amount of direct and guaranteed loans as authorized by 7 U.S.C. 1928–1929, to be available from funds in the Agricultural Credit Insurance Fund, as follows: farm ownership loans, $500,031,000 of which $425,031,000 shall be for guaranteed loans; operating loans, $1,976,000,000 of which $1,276,000,000 shall be for unsubsidized guaranteed loans and $200,000,000 shall be for subsidized guaranteed loans; Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, $1,000,000; for emergency insured loans, $25,000,000 to meet the needs resulting from natural disasters; for boll weevil eradication program loans as authorized by 7 U.S.C. 1989, $100,000,000; and for credit sales of acquired property, $25,000,000.

For the cost of direct and guaranteed loans, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm ownership loans, $17,986,000 of which $6,758,000 shall be for guaranteed loans; operating loans, $62,630,000 of which $11,000,000 shall be for unsubsidized guaranteed loans and $17,480,000 shall be for subsidized guaranteed loans; Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, $153,000; for emergency insured loans, $5,900,000 to meet the needs resulting from natural disasters; for boll weevil eradication program loans as authorized by 7 U.S.C. 1989, $1,440,000; and for credit sales of acquired property, $3,260,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, $219,861,000 of which $209,861,000 shall be transferred to and merged with the ''Farm Service Agency, Salaries and Expenses'' account.

RISK MANAGEMENT AGENCY

For administrative and operating expenses, as authorized by the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 6933), $64,000,000: *Provided,* That not to exceed $700 shall be available for official reception and representation expenses, as authorized by 7 U.S.C. 1506(i).

CORPORATIONS

The following corporations and agencies are hereby authorized to make expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act as may be necessary in carrying out the programs set forth in the budget for the current fiscal year for such corporation or agency, except as hereinafter provided.

FEDERAL CROP INSURANCE CORPORATION FUND

For payments as authorized by section 516 of the Federal Crop Insurance Act such sums as may be necessary, to remain available until expended (7 U.S.C. 2209b).

COMMODITY CREDIT CORPORATION FUND

REIMBURSEMENT FOR NET REALIZED LOSSES

For fiscal year 1999, such sums as may be necessary to reimburse the Commodity Credit Corporation for net realized losses sustained, but not previously reimbursed (estimated to be $8,439,000,000 in the President's fiscal year 1999 Budget Request (H. Doc. 105–177)), but not to exceed $8,439,000,000, pursuant to section 2 of the Act of August 17, 1961 (15 U.S.C. 713a–11).

OPERATIONS AND MAINTENANCE FOR HAZARDOUS WASTE MANAGEMENT

For fiscal year 1999, the Commodity Credit Corporation shall not expend more than $5,000,000 for expenses to comply with the requirement of section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9607(g), and section 6001 of the Resource Conservation and Recovery Act, 42 U.S.C. 6961: *Provided,* That expenses shall be for operations and maintenance costs only and that other hazardous waste management costs shall be paid for by the USDA Hazardous Waste Management appropriation in this Act.

Mr. SKEEN (during the reading). Mr. Chairman, I ask unanimous consent that the bill through page 29, line 26 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE II

CONSERVATION PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

For necessary salaries and expenses of the Office of the Under Secretary for Natural Resources and Environment to administer the laws enacted by the Congress for the Forest Service and the Natural Resources Conservation Service, $719,000.

NATURAL RESOURCES CONSERVATION SERVICE

CONSERVATION OPERATIONS

For necessary expenses for carrying out the programs administered by the Natural Resources Conservation Service, including the provisions of the Act of April 27, 1935 (16 U.S.C. 590a–f) including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures for soil and water management as may be necessary to prevent floods and the siltation of reservoirs and to control agricultural related pollutants); operation of conservation plant materials centers; classification and mapping of soil; dissemination of information; acquisition of lands, water, and interests therein for use in the plant materials program by donation, exchange, or purchase at a nominal cost not to exceed $100 pursuant to the Act of August 3, 1956 (7 U.S.C. 428a); purchase and erection or alteration or improvement of permanent and temporary buildings; and operation and maintenance of aircraft, $641,243,000, to remain available until expended (7 U.S.C. 2209b), of which not less than $5,990,000 is for snow survey and water forecasting and not less than $7,825,000 is for operation and establishment of the plant materials centers: *Provided further, That* appropriations hereunder shall be available pursuant to 7 U.S.C. 2250 for construction and improvement of buildings and public improvements at plant materials centers, except that the cost of alterations and improvements to other buildings and other public improvements shall not exceed $250,000: *Provided further,* That when buildings or other structures are erected on non-

Federal land, that the right to use such land is obtained as provided in 7 U.S.C. 2250a: *Provided further,* That this appropriation shall be available for technical assistance and related expenses to carry out programs authorized by section 202(c) of title II of the Colorado River Basin Salinity Control Act of 1974 (43 U.S.C. 1592(c)): *Provided further,* That no part of this appropriation may be expended for soil and water conservation operations under the Act of April 27, 1935 (16 U.S.C. 590a–f) in demonstration projects: *Provided further,* That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) and not to exceed $25,000 shall be available for employment under 5 U.S.C. 3109: *Provided further,* That qualified local engineers may be temporarily employed at per diem rates to perform the technical planning work of the Service (16 U.S.C. 590e–2).

WATERSHED SURVEYS AND PLANNING

For necessary expenses to conduct research, investigation, and surveys of watersheds of rivers and other waterways, and for small watershed investigations and planning, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954 (16 U.S.C. 1001–1009), $9,545,000: *Provided,* That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $110,000 shall be available for employment under 5 U.S.C. 3109.

WATERSHED AND FLOOD PREVENTION OPERATIONS

For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, rehabilitation of existing works and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954 (16 U.S.C. 1001–1005, 1007–1009), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a–f), and in accordance with the provisions of laws relating to the activities of the Department, $97,850,000, to remain available until expended (7 U.S.C. 2209b) (of which up to $15,000,000 may be available for the watersheds authorized under the Flood Control Act approved June 22, 1936 (33 U.S.C. 701, 16 U.S.C. 1006a)): *Provided,* That not to exceed $47,000,000 of this appropriation shall be available for technical assistance: *Provided further,* That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $200,000 shall be available for employment under 5 U.S.C. 3109: *Provided further,* That not to exceed $1,000,000 of this appropriation is available to carry out the purposes of the Endangered Species Act of 1973 (Public Law 93–205), including cooperative efforts as contemplated by that Act to relocate endangered or threatened species to other suitable habitats as may be necessary to expedite project construction.

RESOURCE CONSERVATION AND DEVELOPMENT

For necessary expenses in planning and carrying out projects for resource conservation and development and for sound land use pursuant to the provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1010–1011; 76 Stat. 607), the Act of April 27, 1935 (16 U.S.C. 590a–f), and the Agriculture and Food Act of 1981 (16 U.S.C. 3451–3461), $35,000,000, to remain available until expended (7 U.S.C. 2209b): *Provided,* That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $50,000 shall be available for employment under 5 U.S.C. 3109.

TITLE III

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAMS

OFFICE OF THE UNDER SECRETARY FOR RURAL DEVELOPMENT

For necessary salaries and expenses of the Office of the Under Secretary for Rural Development to administer programs under the laws enacted by the Congress for the Rural Housing Service, the Rural Business-Cooperative Service, and the Rural Utilities Service of the Department of Agriculture, $611,000.

RURAL DEVELOPMENT

RURAL COMMUNITY ADVANCEMENT PROGRAM

(INCLUDING TRANSFERS OF FUNDS)

For the cost of direct loans, loan guarantees, and grants, as authorized by 7 U.S.C. 1926, 1926a, 1926c, and 1932, except for sections 381E–H, 381N, and 381O of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009f), $745,172,000, to remain available until expended, of which $35,717,000 shall be for rural community programs described in section 381E(d)(1) of the Consolidated Farm and Rural Development Act; of which $658,955,000 shall be for the rural utilities programs described in section 381E(d)(2) of such Act; and of which $50,500,000 shall be for the rural business and cooperative development programs described in section 381E(d)(3) of such Act: *Provided,* That of the amount appropriated for rural utilities programs, not to exceed $20,000,000 shall be for water and waste disposal systems to benefit the colonias along the United States/Mexico border, including grants pursuant to section 306C of such Act; not to exceed $15,000,000 shall be for technical assistance grants for rural waste systems pursuant to section 306(a)(14) of such Act; and not to exceed $5,400,000 shall be for contracting with qualified national organizations for a circuit rider program to provide technical assistance for rural water systems: *Provided further,* That of the total amounts appropriated, not to exceed $20,048,000 shall be available through June 30, 1999, for empowerment zones and enterprise communities, as authorized by Public Law 103–66, of which $1,200,000 shall be for rural community programs described in section 381E(d)(1) of such Act; of which $18,700,000 shall be for the rural utilities programs described in section 381E(d)(2) of such Act; of which $148,000 shall be for the rural business and cooperative development programs described in section 381E(d)(3) of such Act.

RURAL HOUSING SERVICE

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For gross obligations for the principal amount of direct and guaranteed loans as authorized by title V of the Housing Act of 1949, *as amended,* to be available from funds in the rural housing insurance fund, as follows: $3,930,600,000 for loans to section 502 borrowers, as determined by the Secretary, of which $3,000,000,000 shall be for unsubsidized guaranteed loans; $25,001,000 for section 504 housing repair loans; $125,000,000 for section 538 guaranteed multi-family housing loans; $20,000,000 for section 514 farm labor housing; $100,000,000 for section 515 rental housing; $5,000,000 for section 524 site loans; $25,000,000 for credit sales of acquired property, of which up to $5,001,000 may be for multi-family credit sales; and $5,000,000 for section 523 self-help housing land development loans.

For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: section 502 loans, $112,700,000, of which $2,700,000 shall be for unsubsidized guaranteed loans; section 504 housing repair loans, $8,808,000; section 538 multi-family housing guaranteed loans, $2,900,000; section 514 farm labor housing, $10,406,000; section 515 rental housing, $48,250,000; section 524 site loans, $17,000; credit sales of acquired property, $3,492,000, of which up to $2,416,000 may be for multi-family credit sales; and section 523 self-help housing land development loans, $282,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, $354,785,000, which shall be transferred to and merged with the appropriation for ''Rural Housing Service—Salaries and Expenses''.

RENTAL ASSISTANCE PROGRAM

For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) or agreements entered into in lieu of debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Housing Act of 1949, as amended, $583,397,000; and in addition such sums as may be necessary, as authorized by section 521(c) of the Act, to liquidate debt incurred prior to fiscal year 1992 to carry out the rental assistance program under section 521(a)(2) of the Act: *Provided,* That of this amount not more than $5,900,000 shall be available for debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Act, and not to exceed $10,000 per project for advances to nonprofit organizations or public agencies to cover direct costs (other than purchase price) incurred in purchasing projects pursuant to section 502(c)(5)(C) of the Act: *Provided further,* That agreements entered into or renewed during fiscal year 1999 shall be funded for a five-year period, although the life of any such agreement may be extended to fully utilize amounts obligated.

MUTUAL AND SELF-HELP HOUSING GRANTS

For grants and contracts pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c), $26,000,000, to remain available until expended (7 U.S.C. 2209b).

RURAL HOUSING ASSISTANCE GRANTS

(INCLUDING TRANSFERS OF FUNDS)

For grants and contracts for housing for domestic farm labor, very low-income housing repair, supervisory and technical assistance, compensation for construction defects, and rural housing preservation made by the Rural Housing Service as authorized by 42 U.S.C. 1474, 1479(c), 1486, 1490e, and 1490m, $41,000,000, to remain available until expended: *Provided,* That of the total amount appropriated, $1,200,000 shall be for empowerment zones and enterprise communities, as authorized by Public Law 103–66: *Provided further,* That if such funds are not obligated for empowerment zones and enterprise communities by June 30, 1999, they shall remain available for other authorized purposes under this head.

SALARIES AND EXPENSES

For necessary expenses of the Rural Housing Service, including administering the programs authorized by the Consolidated Farm and Rural Development Act, title V of the Housing Act of 1949, and cooperative agreements, $57,958,000: *Provided,* That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $520,000 may be used for employment under 5 U.S.C. 3109.

RURAL BUSINESS—COOPERATIVE SERVICE

RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For the cost of direct loans, $17,622,000, as authorized by the Rural Development Loan

Fund (42 U.S.C. 9812(a)): *Provided,* That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further,* That these funds are available to subsidize gross obligations for the principal amount of direct loans of $35,000,000: *Provided further,* That through June 30, 1999, of the total amount appropriated, $3,345,000 shall be available for the cost of direct loans for empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993, to subsidize gross obligations for the principal amount of direct loans, $7,246,000.

In addition, for administrative expenses to carry out the direct loan programs, $3,499,000 shall be transferred to and merged with the appropriation for ''Rural Business-Cooperative Service—Salaries and Expenses''.

RURAL ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For the principal amount of direct loans, as authorized under section 313 of the Rural Electrification Act, for the purpose of promoting rural economic development and job creation projects, $15,000,000.

For the cost of direct loans, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, $3,783,000.

Of the funds derived from interest on the cushion of credit payments in fiscal year 1999, as authorized by section 313 of the Rural Electrification Act of 1936, $3,783,000 shall not be obligated and $3,783,000 are rescinded.

RURAL COOPERATIVE DEVELOPMENT GRANTS

For rural cooperative development grants authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932), $3,300,000, of which up to $1,300,000 may be available for cooperative agreements for the appropriate technology transfer for rural areas program.

SALARIES AND EXPENSES

For necessary expenses of the Rural Business-Cooperative Service, including administering the programs authorized by the Consolidated Farm and Rural Development Act; section 1323 of the Food Security Act of 1985; the Cooperative Marketing Act of 1926; for activities relating to the marketing aspects of cooperatives, including economic research findings, as authorized by the Agricultural Marketing Act of 1946; for activities with institutions concerning the development and operation of agricultural cooperatives; and for cooperative agreements; $25,680,000: *Provided,* That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $260,000 may be used for employment under 5 U.S.C. 3109.

RURAL UTILITIES SERVICE

RURAL ELECTRIFICATION AND TELECOMMUNICATIONS LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

Insured loans pursuant to the authority of section 305 of the Rural Electrification Act of 1936 (7 U.S.C. 935), shall be made as follows: 5 percent rural electrification loans, $71,500,000; 5 percent rural telecommunications loans, $75,000,000; cost of money rural telecommunications loans, $300,000,000; municipal rate rural electric loans, $295,000,000; and loans made pursuant to section 306 of that Act, rural electric, $700,000,000 and rural telecommunications, $120,000,000, to remain available until expended.

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, including the cost of modifying loans, of direct and guaranteed loans authorized by the Rural Electrification Act of 1936 (7 U.S.C. 935 and 936), as follows: cost of direct loans, $16,667,000; cost of municipal rate loans, $25,842,000; cost of money rural telecommunications loans, $810,000: *Provided,* That notwithstanding section 305(d)(2) of the Rural Electrification Act of 1936, borrower interest rates may exceed 7 percent per year.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, $29,982,000, which shall be transferred to and merged with the appropriation for ''Rural Utilities Service—Salaries and Expenses''.

RURAL TELEPHONE BANK PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

The Rural Telephone Bank is hereby authorized to make such expenditures, within the limits of funds available to such corporation in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out its authorized programs for the current fiscal year. During fiscal year 1999 and within the resources and authority available, gross obligations for the principal amount of direct loans shall be $175,000,000.

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, including the cost of modifying loans, of direct loans authorized by the Rural Electrification Act of 1936 (7 U.S.C. 935), $4,638,000.

In addition, for administrative expenses necessary to carry out the loan programs, $3,000,000, which shall be transferred to and merged with the appropriation for ''Rural Utilities Service—Salaries and Expenses''.

DISTANCE LEARNING AND TELEMEDICINE PROGRAM

For the cost of direct loans and grants, as authorized by 7 U.S.C. 950aaa et seq., $10,180,000, to remain available until expended, to be available for loans and grants for telemedicine and distance learning services in rural areas: *Provided,* That the costs of direct loans shall be as defined in section 502 of the Congressional Budget Act of 1974.

SALARIES AND EXPENSES

For necessary expenses of the Rural Utilities Service, including administering the programs authorized by the Rural Electrification Act of 1936, and the Consolidated Farm and Rural Development Act, and for cooperative agreements, $33,000,000: *Provided,* That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $105,000 may be used for employment under 5 U.S.C. 3109.

TITLE IV

DOMESTIC FOOD PROGRAMS

FOOD AND NUTRITION SERVICE

CHILD NUTRITION PROGRAMS

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses to carry out the National School Lunch Act (42 U.S.C. 1751 et seq.), except section 21, and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), except sections 17 and 21; $9,218,647,000, to remain available through September 30, 2000, of which $4,170,497,000 is hereby appropriated and $5,048,150,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): *Provided,* That none of the funds made available under this heading shall be used for studies and evaluations: *Provided further,* That up to $4,300,000 shall be available for independent verification of school food service claims.

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

For necessary expenses to carry out the special supplemental nutrition program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), $3,924,000,000, to remain available through September 30, 2000: *Provided,* That none of the funds made available under this heading shall be used for studies and evaluations: *Provided further,* That up to $12,000,000 may be used to carry out the farmers' market nutrition program from any funds not needed to maintain current caseload levels: *Provided further,* That notwithstanding sections 17(g), (h), and (i) of such Act, the Secretary shall adjust fiscal year 1999 State allocations to reflect food funds available to the State from fiscal year 1998 under sections 17(i)(3)(A)(ii) and 17(i)(3)(D): *Provided further,* That the Secretary shall allocate funds recovered from fiscal year 1998 first to States to maintain stability funding levels, as defined by regulations promulgated under section 17(g), and then to give first priority for the allocation of any remaining funds to States whose funding is less than their fair share of funds, as defined by regulations promulgated under section 17(g) unless the Secretary has published a revised funding formula regulation prior to the allocation of fiscal year 1999 funds: *Provided further,* That none of the funds in this Act shall be available to pay administrative expenses of WIC clinics except those that have an announced policy of prohibiting smoking within the space used to carry out the program: *Provided further,* That none of the funds provided in this account shall be available for the purchase of infant formula except in accordance with the cost containment and competitive bidding requirements specified in section 17 of the Child Nutrition Act of 1966: *Provided further,* That State agencies required to procure infant formula using a competitive bidding system may use funds appropriated by this Act to purchase infant formula under a cost containment contract entered into after September 30, 1996, only if the contract was awarded to the bidder offering the lowest net price, as defined by section 17(b)(20) of the Child Nutrition Act of 1966, unless the State agency demonstrates to the satisfaction of the Secretary that the weighted average retail price for different brands of infant formula in the State does not vary by more than five percent.

AMENDMENT NO. 5 OFFERED BY MR. HALL OF OHIO

Mr. HALL of Ohio. Mr. Chairman, I offer an amendment.

Mr. SKEEN. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The gentleman from New Mexico reserves a point of order.

Is the gentleman from Ohio referring to his amendment that was printed in the RECORD?

Mr. HALL of Ohio. I am, Mr. Chairman.

The CHAIRMAN. The amendment that the gentleman is offering is printed on page 13 of the bill. Is there objection to the amendment of the gentleman from Ohio (Mr. HALL) printed on page 13 being considered at this point?

Mr. SKEEN. Mr. Chairman, I reserve the right to object.

The CHAIRMAN. The Clerk will report the amendment pending the reservation of objection.

The Clerk read as follows:

Amendment No. 5 offered by Mr. HALL of Ohio:

Page 13, line 14, insert ''(reduced by $8,000,000)'' after the dollar figure.

Page 14, line 24, insert ''(reduced by $8,000,000)'' after the dollar figure.

Page 15, line 18, insert ''(reduced by $9,000,000)'' after the dollar figure.

Page 17, line 4, insert ''(reduced by $9,000,000)'' after the dollar figure.

Page 48, line 9, insert ''(increased by $10,000,000)'' after the dollar figure.

Mr. HALL of Ohio. Mr. Chairman, I ask unanimous consent to offer this amendment out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. SKEEN. I object, Mr. Chairman.

The CHAIRMAN. Objection is heard.

Mr. HALL of Ohio. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am offering an amendment which the gentleman from New Mexico was very much aware of. I suggested that I would be offering this amendment on the floor. I had not realized when I was in my office in a meeting that the agriculture bill was being called up and the discussion on the bill would go so quickly.

My amendment was in order. It was printed in the RECORD. It has been in the RECORD since last night. The problem is that the Reading Clerk went beyond the section. Therefore, I had to ask for unanimous consent. I would just ask for the gentleman's indulgence and that he would accept the amendment so that we could have a colloquy, if we could go back and I could offer this out of order.

It is not because we did not try. It is because the gentleman moved so quickly in the whole process here on the floor. This is a very important amendment.

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

Mr. HALL of Ohio. I yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Chairman, I understand the gentleman's predicament and I would offer him this; that we will work with him in conference on this particular matter. But at the present time, it is out of order and I will maintain that objection.

Mr. HALL of Ohio. Mr. Chairman, I will take the time that I have. I am sorry that the gentleman does not see fit to accept this amendment. I do not know what the threat is.

The amendment essentially restores $10 million that has been cut from the emergency food assistance program, it is called TEFAP, in the fiscal year 1999 agriculture appropriations bill. This additional $10 million is needed to fully fund this critical antihunger program at the authorized level of $100 million.

□ 1245

There is no question that more and more Americans are hungry and they are turning to food banks throughout our Nation for help. Study after study, Second Harvest, the U.S. Conference of Mayors, my own study shows that there has been countless news reports of more and more people asking for food. If Members have any doubts, visit the local food banks in their own districts.

I hate to be here cutting good programs, but hungry people ought to come first. The United States has the strongest economy in a generation, and yet hunger remains a serious problem for many people. The cuts that I propose still leave these programs with funding levels that have increased over the past year, and they keep funding for food banks flat.

When we cut food stamps by $23 billion to pay for welfare reform, we committed to paying $145 million to cover the increased demand on food banks. That is nowhere near enough to do the job. But cutting food banks even further in a year of increased need is unconscionable.

Food is the least expensive, most effective ingredient in a successful welfare reform. People cannot work on empty stomachs.

We are blessed in this country. There is no question about it. This bill is approximately $55 billion. I realize that the chairman and ranking minority member are under a difficult task of trying to find money for all these different programs, but if we cannot find an additional $10 million out of existing programs, especially programs that have been increased, there is something the matter with us.

If we are considering a $60- to $100 billion tax cut and we cannot give $10 million extra to TEFAP, I cannot believe it. I cannot believe that the chairman is denying my amendment here when, about as fair as I could be, I offered that amendment, told the gentleman I was going to offer the amendment. The fact that it went too quickly, that we cannot consider this. I have to take the gentleman, though, at his word, since he objected to the amendment being offered, that he will try to restore this money of $10 million. It is vitally needed. If anybody doubts me on this floor, call their food banks and their soup kitchens in this country. I guarantee them they will find out there are hundreds of thousands of extra people, mostly working poor and senior citizens, that are asking for food all over this country.

It does not seem possible that at a time when this country has a balanced budget, tremendous employment, the most wealthy Nation in the world, that we have 25 to 30 million people asking for food at soup kitchens and food banks. These are not people on welfare. These are people that are hurting.

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

Mr. HALL of Ohio. I yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Chairman, I understand the gentleman's feelings and his fervor for this, because we have had a discussion on this topic. I am going to maintain the rule, but I will, as I offered before, work with the gentleman in the conference to see if we cannot come to some solution on this thing either one way or the other. I take the gentleman at his word and I understand how dedicated he is.

Ms. KAPTUR. Mr. Chairman, I move to strike the last word.

I would like to say to the gentleman from Ohio (Mr. HALL) that I do not think that there is a Member of this institution on either side of the aisle and in either Chamber who is more dedicated and more fervent and more committed to serving the needs of hungry people in our country and in other countries than is the gentleman from Ohio (Mr. HALL).

We have tried very, very hard and done the best that we could to the moment in this bill we are bringing to the floor to deal with the emergency needs across this country in our feeding kitchens. We know that they are there, and the gentleman from Ohio (Mr. HALL) has made us more aware of these needs. I could not let the moment go by without recognizing him and his dedication to this cause.

On the merits, he is absolutely correct. I know that this is the case in our State of Ohio, with all of the changes made in welfare reform, and I understand the pressures that our chairman was under as we tried to mark and cut and trim and do everything we could to produce a bill that satisfied across the board.

I would say to the gentleman from Ohio (Mr. HALL) that I will work very hard, as we move toward conference, with him and with our chairman and with the conferees to try to see if we cannot do better than we have done to this point.

One of the changes that we did make in the bill was to provide greater administrative flexibility to the States in the administration of the $135 million that is in the measure for these programs. This should free up some commodities to food banks. It is still not enough, but we would hope that the States and the Governors would pay particular attention to these changes. That does not solve the gentleman's problem, which is the gross amount included for this account. I wanted to give the gentleman an opportunity to expand on his earlier statements, if he wishes at this point.

Mr. HALL of Ohio. Mr. Chairman, will the gentlewoman yield?

Ms. KAPTUR. I yield to the gentleman from Ohio.

Mr. HALL of Ohio. Mr. Chairman, I thank the gentlewoman for yielding to me and certainly thank her for her very kind words. I want to thank the gentleman from New Mexico (Mr. SKEEN) as well.

I know it seems that we can be lulled asleep in this country thinking that everything is going so well. The fact is that we do have a budget that is balanced. We have people that are working. We have very low unemployment across this country. But at the same time, according to the U.S. Conference of Mayors, according to Second Harvest, according to a survey that I did with 200 food banks across this country, we have somewhere between 15 percent and well over 100 percent in

some parts of our country of the increase of people asking for food in the last six months, and it is staggering. It does not seem possible.

These people are not people that are on public assistance. These are not people that qualify for any help. These are people, somewhere in the area of about 25 to 30 million people, that are two or three, sometimes four days a month, they go to bed, and their children, without food.

What happens is, after they pay their rent and they pay for the utility bills, they run out of money. These are the working poor and, in many cases, senior citizens. It is this group of people that find themselves going to food banks and soup kitchens. This is up in the last six months to the last year, not only at a minimum of 15 percent but it is up well over 100 percent increase.

What is happening at the same time is that a lot of the food chains and food markets and groups that give food are getting so much better in their estimate of not only food collection but inventories, and what is happening is that a lot of the food that they would normally donate is not coming into food banks and soup kitchens. So we find ourselves in a situation in which last year, under the welfare reform bill, $23 billion was cut over the next four or five years out of food stamps. So money was increased to the tune of about $100 million last year to the TEFAP program. But now I find that we are cutting back on the program.

What my amendment is trying to do is restore $10 million, period. I realize that there are so many sections of this bill that are important. And when I have to cut one area to give to another, it is not a question that the area that is being cut is a bad area or a frivolous area, it is a good area. It is question of what is the priority.

Mr. BOEHLERT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in strong support for the conservation programs in this bill. But in doing so, I want to express my deep disappointment that their funding has been cut. So I guess this might fall under the heading of a qualified endorsement.

Conservation programs were an integral part of the farm bill in 1996, and they are crucial to safeguarding our supply of clean water. Programs like the Environmental Quality Incentives Program, the Wildlife Incentives Program, the Wetlands Reserve Program and the Consolidated Farm Option help protect our environment by assisting farmers.

These programs help farmers protect water quality by installing buffer strips along streams and rivers to prevent soil and pollution run off. They help farmers develop innovative waste treatment projects to control the growing impact on water quality by animal feedlots. And they help farmers restore and protect vital wetlands, continuing the goal of no net loss of wetlands first announced by President George Bush.

And what is more, the programs accomplish these goals without the threat of regulation. They are completely voluntary. They are incentives based, and they have the overwhelming support of the Congress, as was demonstrated by the 372–37 vote for the conservation title of the 1996 farm bill, probably our single greatest environmental achievement in the 104th Congress.

So, Mr. Chairman, I support this bill, but I want to draw attention to the shortfall in these vital programs. The Senate committee has taken a somewhat different approach, giving a higher priority to these important conservation environment programs. I hope that when all is said and done, these programs will emerge from conference with more funding than is in the House bill, more like those funds provided in the Senate bill.

It is important for American agriculture. It is important for the environment. It is important for America.

Mr. STENHOLM. Mr. Chairman, I move to strike the last word. I do this for purposes of entering into two colloquies with the chairman.

Mr. Chairman, it is my understanding that the reason for the inclusion of report language directing that the cost of providing technical assistance to the EQIP program will be fully funded within the EQIP, as provided in the Federal Agriculture Improvement Act of 1996, was to help ensure that other areas of technical assistance, such as grazing land improvement and ensuring water quality would not suffer.

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

Mr. STENHOLM. I yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Chairman, I tell the gentleman that that is correct. The subcommittee is concerned that the NRCS has undertaken and has been asked by Congress to carry out a number of functions complicating their ability to fulfill their longstanding role of delivering technical assistance in the field in partnership with the conservation districts.

Mr. STENHOLM. Mr. Chairman, I thank the chairman for that response.

The chairman is aware that the Office of Management and Budget has directed that the agency will only receive a reimbursement of 10 percent for carrying out the EQIP program in fiscal year 1999 as opposed to the 19 percent level received in 1998. Would the chairman agree that the OMB should reexamine this decision?

I ask this question, particularly in light of the greatly increasing work the NRCS is doing with livestock producers and water supply districts to protect the quality of our water supply. As the gentleman is aware, the Environmental Protection Agency is going to be placing increasing regulatory demands on livestock producers. I would hope that we could do more to help install the best management practices available to stave off enforcement actions that may come about because of these proposed regulatory actions.

Mr. SKEEN. Mr. Chairman, if the gentleman will continue to yield, the gentleman's concerns are not unwarranted. I will work with him to ensure that our farmers and ranchers will have the needed assistance to meet present and future environmental demands. I would also hope that OMB would reexamine the impact of their decision on reimbursement levels as we complete the work on this legislation.

Mr. STENHOLM. Mr. Chairman, I thank the chairman for that response. I assure him that I will work with him and with OMB to see that they may reexamine those decisions.

Second colloquy, I know the chairman is aware, again, of the tremendous regulatory burdens facing many of our Nation's livestock producers. In light of these burdens, there is a tremendous need to develop innovative, market-based solutions for livestock-related water quality concerns.

A project to do just that has been proposed by a broad coalition of dairy producers, local governments and researchers in the Bosque watershed of central Texas. This project would facilitate evaluation of promising waste utilization technologies and would work to develop markets in order to enhance the value of these by-products.

□ 1300

Unfortunately, because their project necessarily involves both research and actual market development, they have found it rather complicated to secure funding under either the research or the rural development categories.

I believe this is a worthy project deserving funding from USDA rural development and hope the gentleman from New Mexico would look at this as we go to conference.

Mr. SKEEN. I will respond to the gentleman by saying I am aware of the project the gentleman is referring to, and I share his concern regarding the challenges of such innovative efforts. I would certainly encourage the Department to give serious consideration to this project when evaluating rural development priorities. In addition, I will happily work with the gentleman from Texas should any other appropriate research funds become available during this conference.

Mr. STENHOLM. I thank the gentleman from New Mexico for that response.

Mr. SERRANO. Mr. Chairman, I move to strike the last word.

Mr. Chairman, first of all, I would like to offer my thanks both to the gentleman from New Mexico (Mr. SKEEN), chairman of the subcommittee, and the gentlewoman from Ohio (Ms. KAPTUR), ranking member, as well as the leadership of the committee, the gentleman from Louisiana (Mr. LIVINGSTON) and the gentleman from Wisconsin (Mr. OBEY) on the work that has been done on this bill.

These days it is not easy to put a bill like this together with all of the cuts

that we are facing in this Congress and throughout our government. So when, in fact, we set out to try to help the very people who need help, and we move on the road to accomplishing that, it is something that we have to be commended for.

While it is a difficult bill to put together, I think the final result, with yet some minor changes, may, in fact, address the needs of so many people in this country.

Most importantly, I would like to thank the leadership on both sides for accepting into the rule an amendment that I worked on for many months this year and which many people were working on which would deal with the issue of African American and minority farmers.

This action was necessary because the Justice Department had determined that the statute of limitations prevents the USDA from providing compensatory damages to individuals who allege discrimination in USDA programs if those individuals did not file a complaint in Federal district court within 2 years of the alleged discrimination, even if they had filed a complaint in USDA's administrative process.

In fact, a Civil Rights Action Team report, issued in February, 1997, concluded that USDA had not been effectively resolving civil rights complaints from 1993 to 1996. Since then, USDA has new civil rights leadership and, with the help of Congress, has rebuilt the civil rights investigatory and settlement infrastructure.

USDA now has in place a process where each case is investigated, compensation claims are subjected to independent economic analysis, and officials from the office of civil rights and the office of the new associate general counsel for civil rights issue written findings of investigations and prepare and review settlements.

But without addressing the issue that is addressed in this bill, USDA would not be able to effectively resolve discrimination complaints filed against it by a group of farmers who deserve our attention. So it is important to understand what we have accomplished here today.

I think it is also most important to understand that it was done on a bipartisan fashion. We have for so many years wanted very much to move in the direction of being fair with everyone. These farmers had been treated unfairly, and, yet, there was no way to deal with this issue.

So today I think we have accomplished a lot, and it is a great day. We have solved, and we are on the road to a very serious solution of this problem. I know that this issue will come up again in conference, but I wanted to thank the gentleman from New Mexico (Mr. SKEEN), the gentlewoman from Ohio (Ms. KAPTUR), and the leadership of the committee for allowing this amendment to be part of the final product.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

FOOD STAMP PROGRAM

For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011 et seq.), $22,591,806,000, of which $100,000,000 shall be placed in reserve for use only in such amounts and at such times as may become necessary to carry out program operations: *Provided*, That funds provided herein shall be expended in accordance with section 16 of the Food Stamp Act: *Provided further*, That this appropriation shall be subject to any work registration or workfare requirements as may be required by law: *Provided further*, That none of the funds made available under this heading shall be used for studies and evaluations: *Provided further*, That funds made available for Employment and Training under this head shall remain available until expended, as authorized by section 16(h)(1) of the Food Stamp Act, as amended.

COMMODITY ASSISTANCE PROGRAM

For necessary expenses to carry out the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) and, the Emergency Food Assistance Act of 1983, $131,000,000, to remain available through September 30, 2000: *Provided*, That none of these funds shall be available to reimburse the Commodity Credit Corporation for commodities donated to the program.

FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS

For necessary expenses to carry out section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note), and section 311 of the Older Americans Act of 1965 (42 U.S.C. 3030a), $141,081,000, to remain available through September 30, 2000.

FOOD PROGRAM ADMINISTRATION

For necessary administrative expenses of the Office of the Under Secretary for Food, Nutrition and Consumer Services and of the domestic food programs funded under this Act, $108,311,000, of which $5,000,000 shall be available only for simplifying procedures, reducing overhead costs, tightening regulations, improving food stamp coupon handling, and assistance in the prevention, identification, and prosecution of fraud and other violations of law and of which $2,000,000 shall be available for obligation only after promulgation of a final rule to curb vendor related fraud: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $150,000 shall be available for employment under 5 U.S.C. 3109.

TITLE V

FOREIGN ASSISTANCE AND RELATED PROGRAMS

FOREIGN AGRICULTURAL SERVICE AND GENERAL SALES MANAGER

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954 (7 U.S.C. 1761–1768), market development activities abroad, and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed $140,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), $135,561,000, of which $3,231,000 may be transferred from the Export Loan Program account in this Act, and $1,035,000 may be transferred from the Public Law 480 program account in this Act: *Provided*, That the Service may utilize advances of funds, or reimburse this appropriation for expenditures made on behalf of Federal agencies, public and private organizations and institutions under agreements executed pursuant to the agricultural food production assistance programs (7 U.S.C. 1736) and the foreign assistance programs of the International Development Cooperation Administration (22 U.S.C. 2392).

None of the funds in the foregoing paragraph shall be available to promote the sale or export of tobacco or tobacco products.

PUBLIC LAW 480 PROGRAM AND GRANT ACCOUNTS

(INCLUDING TRANSFERS OF FUNDS)

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691, 1701–1715, 1721–1726, 1727–1727f, and 1731–1736g), as follows: (1) $182,624,000 for Public Law 480 title I credit, including Food for Progress programs; (2) $14,890,000 is hereby appropriated for ocean freight differential costs for the shipment of agricultural commodities pursuant to title I of said Act and the Food for Progress Act of 1985; (3) $837,000,000 is hereby appropriated for commodities supplied in connection with dispositions abroad pursuant to title II of said Act; and (4) $25,000,000 is hereby appropriated for commodities supplied in connection with dispositions abroad pursuant to title III of said Act: *Provided*, That not to exceed 15 percent of the funds made available to carry out any title of said Act may be used to carry out any other title of said Act: *Provided further*, That such sums shall remain available until expended (7 U.S.C. 2209b).

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of direct credit agreements as authorized by the Agricultural Trade Development and Assistance Act of 1954, and the Food for Progress Act of 1985, including the cost of modifying credit agreements under said Act, $158,499,000.

Mr. SANDERS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to enter into a colloquy with the gentleman from New Mexico (Mr. SKEEN), if I might. I had planned to offer an amendment to increase funding for the rural community advancement program by $10 million in order to fund a national pilot program to promote agritourism.

The purpose of this program is to provide another means of income for America's struggling family farmers. I think the plight of the family farmer in America is well documented, and I do not need to get into it right now. But as I said before, I am impressed with the work done in New Mexico with the rural economic development through tourism program.

I know the gentleman from New Mexico (Mr. SKEEN) has been very active in that program. I think it would be very useful to expand this general concept into a national program. I think it is working well in New Mexico, and I think it could work well throughout rural America.

However, I understand that the funding authority for the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies has decreased significantly

for fiscal year 1999, and I would, therefore, like to get a commitment from the gentleman from New Mexico to work with me in the future to fund a pilot national agritourism program for fiscal year 2000.

Mr. SKEEN. Mr. Chairman, will the gentleman yield to me?

Mr. SANDERS. I yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Chairman, I want to tell the gentleman that he has picked on a good program, because it has been very, very good in its operation in New Mexico. I hope that we could extend that. I will pledge to the gentleman that I will work with him to help develop this program into a nationally recognized program.

Mr. SANDERS. That is really good. I think farmers, dairy farmers, and others need additional sources of income. Agritourism has proved successful in New Mexico and other States. I look forward to working with the gentleman in the future to consider it a national concept.

Mr. SKEEN. The gentleman should consider it done.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

In addition, for administrative expenses to carry out the Public Law 480 title I credit program, and the Food for Progress Act of 1985, to the extent funds appropriated for Public Law 480 are utilized, $1,850,000.

COMMODITY CREDIT CORPORATION EXPORT LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For administrative expenses to carry out the Commodity Credit Corporation's export guarantee program, GSM 102 and GSM 103, $3,820,000; to cover common overhead expenses as permitted by section 11 of the Commodity Credit Corporation Charter Act and in conformity with the Federal Credit Reform Act of 1990, of which not to exceed $3,231,000 may be transferred to and merged with the appropriation for the salaries and expenses of the Foreign Agricultural Service, and of which not to exceed $589,000 may be transferred to and merged with the appropriation for the salaries and expenses of the Farm Service Agency.

EXPORT CREDIT

The Commodity Credit Corporation shall make available not less than $5,500,000,000 in credit guarantees under its export credit guarantee program extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 202(a) and (b) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641).

EMERGING MARKETS EXPORT CREDIT

The Commodity Credit Corporation shall make available not less than $200,000,000 in credit guarantees under its export guarantee program for credit expended to finance the export sales of United States agricultural commodities and the products thereof to emerging markets, as authorized by section 1542 of Public Law 101–624 (7 U.S.C. 5622 note).

TITLE VI

RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Food and Drug Administration, including hire and purchase of passenger motor vehicles; for rental of special purpose space in the District of Columbia or elsewhere; and for miscellaneous and emergency expenses of enforcement activities, authorized and approved by the Secretary and to be accounted for solely on the Secretary's certificate, not to exceed $25,000; $1,003,772,000, of which not to exceed $132,273,000 in fees pursuant to section 736 of the Federal Food, Drug, and Cosmetic Act may be credited to this appropriation and remain available until expended; and of which $500,000 shall be available for development of the systems and regulations necessary to implement the program under section 409(h) of such Act: *Provided,* That fees derived from applications received during fiscal year 1999 shall be subject to the fiscal year 1999 limitation: *Provided further,* That none of these funds shall be used to develop, establish, or operate any program of user fees authorized by 31 U.S.C. 9701.

In addition, fees pursuant to section 354 of the Public Health Service Act may be credited to this account, to remain available until expended.

In addition, fees pursuant to section 801 of the Federal Food, Drug, and Cosmetic Act may be credited to this account, to remain available until expended.

BUILDINGS AND FACILITIES

For plans, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of or used by the Food and Drug Administration, where not otherwise provided, $11,350,000, to remain available until expended (7 U.S.C. 2209b).

RENTAL PAYMENTS (FDA)

(INCLUDING TRANSFERS OF FUNDS)

For payment of space rental and related costs pursuant to Public Law 92–313 for programs and activities of the Food and Drug Administration which are included in this Act, $88,294,000, including not to exceed $5,428,000 to be transferred to this appropriation from fees collected pursuant to section 736 of the Federal Food, Drug, and Cosmetic Act and credited to the Food and Drug Administration Salaries and Expenses appropriation: *Provided,* That in the event the Food and Drug Administration should require modification of space needs, a share of the salaries and expenses appropriation may be transferred to this appropriation, or a share of this appropriation may be transferred to the salaries and expenses appropriation, but such transfers shall not exceed 5 percent of the funds made available for rental payments (FDA) to or from this account.

DEPARTMENT OF THE TREASURY

FINANCIAL MANAGEMENT SERVICE

PAYMENTS TO THE FARM CREDIT SYSTEM FINANCIAL ASSISTANCE CORPORATION

For necessary payments to the Farm Credit System Financial Assistance Corporation by the Secretary of the Treasury, as authorized by section 6.28(c) of the Farm Credit Act of 1971, for reimbursement of interest expenses incurred by the Financial Assistance Corporation on obligations issued through 1994, as authorized, $2,565,000.

INDEPENDENT AGENCIES

COMMODITY FUTURES TRADING COMMISSION

For necessary expenses to carry out the provisions of the Commodity Exchange Act (7 U.S.C. 1 et seq.), including the purchase and hire of passenger motor vehicles; the rental of space (to include multiple year leases) in the District of Columbia and elsewhere; and not to exceed $25,000 for employment under 5 U.S.C. 3109; $62,140,000, including not to exceed $1,000 for official reception and representation expenses: *Provided,* That the Commission is authorized to charge reasonable fees to attendees of Commission sponsored educational events and symposia to cover the Commission's costs of providing those events and symposia, and notwithstanding 31 U.S.C. 3302, said fees shall be credited to this account, to be available without further appropriation.

FARM CREDIT ADMINISTRATION

LIMITATION OF ADMINISTRATIVE EXPENSES

Not to exceed $35,800,000 (from assessments collected from farm credit institutions and from the Federal Agricultural Mortgage Corporation) shall be obligated during the current fiscal year for administrative expenses as authorized under 12 U.S.C. 2249: *Provided,* That this limitation shall not apply to expenses associated with receiverships.

TITLE VII—GENERAL PROVISIONS

SEC. 701. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department of Agriculture for the fiscal year 1999 under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed 440 passenger motor vehicles, of which 437 shall be for replacement only, and for the hire of such vehicles.

SEC. 702. Funds in this Act available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901–5902).

SEC. 703. Not less than $1,500,000 of the appropriations of the Department of Agriculture in this Act for research and service work authorized by the Acts of August 14, 1946, and July 28, 1954 (7 U.S.C. 427, 1621–1629), and by chapter 63 of title 31, United States Code, shall be available for contracting in accordance with said Acts and chapter.

SEC. 704. The cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations shall not exceed $2,000,000: *Provided,* That no funds in this Act appropriated to an agency of the Department shall be transferred to the Working Capital Fund without the approval of the agency administrator.

SEC. 705. New obligational authority provided for the following appropriation items in this Act shall remain available until expended (7 U.S.C. 2209b): Animal and Plant Health Inspection Service, the contingency fund to meet emergency conditions, fruit fly program, and integrated systems acquisition project; Farm Service Agency, salaries and expenses funds made available to county committees; and Foreign Agricultural Service, middle-income country training program.

New obligational authority for the boll weevil program; up to 10 percent of the screwworm program of the Animal and Plant Health Inspection Service; Food Safety and Inspection Service, field automation and information management project; funds appropriated for rental payments; funds for the Native American Institutions Endowment Fund in the Cooperative State Research, Education, and Extension Service; and funds for the competitive research grants (7 U.S.C. 450i(b)), shall remain available until expended.

SEC. 706. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 707. Not to exceed $50,000 of the appropriations available to the Department of Agriculture in this Act shall be available to provide appropriate orientation and language training pursuant to Public Law 94–449.

SEC. 708. No funds appropriated by this Act may be used to pay negotiated indirect cost rates on cooperative agreements or similar arrangements between the United States Department of Agriculture and nonprofit institutions in excess of 10 percent of the total direct cost of the agreement when the purpose

of such cooperative arrangements is to carry out programs of mutual interest between the two parties. This does not preclude appropriate payment of indirect costs on grants and contracts with such institutions when such indirect costs are computed on a similar basis for all agencies for which appropriations are provided in this Act.

SEC. 709. Notwithstanding any other provision of this Act, commodities acquired by the Department in connection with Commodity Credit Corporation and section 32 price support operations may be used, as authorized by law (15 U.S.C. 714c and 7 U.S.C. 612c), to provide commodities to individuals in cases of hardship as determined by the Secretary of Agriculture.

SEC. 710. None of the funds in this Act shall be available to reimburse the General Services Administration for payment of space rental and related costs in excess of the amounts specified in this Act; nor shall this or any other provision of law require a reduction in the level of rental space or services below that of fiscal year 1998 or prohibit an expansion of rental space or services with the use of funds otherwise appropriated in this Act. Further, no agency of the Department of Agriculture, from funds otherwise available, shall reimburse the General Services Administration for payment of space rental and related costs provided to such agency at a percentage rate which is greater than is available in the case of funds appropriated in this Act.

SEC. 711. None of the funds in this Act shall be available to restrict the authority of the Commodity Credit Corporation to lease space for its own use or to lease space on behalf of other agencies of the Department of Agriculture when such space will be jointly occupied.

SEC. 712. With the exception of grants awarded under the Small Business Innovation Development Act of 1982, Public Law 97–219 (15 U.S.C. 638), none of the funds in this Act shall be available to pay indirect costs on research grants awarded competitively by the Cooperative State Research, Education, and Extension Service that exceed 14 percent of total Federal funds provided under each award.

SEC. 713. Notwithstanding any other provisions of this Act, all loan levels provided in this Act shall be considered estimates, not limitations.

SEC. 714. Appropriations to the Department of Agriculture for the cost of direct and guaranteed loans made available in fiscal year 1999 shall remain available until expended to cover obligations made in fiscal year 1999 for the following accounts: the rural development loan fund program account; the Rural Telephone Bank program account; the rural electrification and telecommunications loans program account; and the rural economic development loans program account.

SEC. 715. Such sums as may be necessary for fiscal year 1999 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. 716. Notwithstanding the Federal Grant and Cooperative Agreement Act, marketing services of the Agricultural Marketing Service; Grain Inspection, Packers and Stockyards Administration; and the Animal and Plant Health Inspection Service may use cooperative agreements to reflect a relationship between the Agricultural Marketing Service, the Grain Inspection, Packers and Stockyards Administration or the Animal and Plant Health Inspection Service and a State or Cooperator to carry out agricultural marketing programs or to carry out programs to protect the Nation's animal and plant resources.

SEC. 717. None of the funds in this Act may be used to retire more than 5 percent of the Class A stock of the Rural Telephone Bank or to maintain any account or subaccount within the accounting records of the Rural Telephone Bank the creation of which has not specifically been authorized by statute: *Provided*, That notwithstanding any other provision of law, none of the funds appropriated or otherwise made available in this Act may be used to transfer to the Treasury or to the Federal Financing Bank any unobligated balance of the Rural Telephone Bank telephone liquidating account which is in excess of current requirements and such balance shall receive interest as set forth for financial accounts in section 505(c) of the Federal Credit Reform Act of 1990.

SEC. 718. None of the funds made available in this Act may be used to provide assistance to, or to pay the salaries of personnel who carry out a market promotion/market access program pursuant to section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) that provides assistance to the United States Mink Export Development Council or any mink industry trade association.

SEC. 719. Of the funds made available by this Act, not more than $1,400,000 shall be used to cover necessary expenses of activities related to all advisory committees, panels, commissions, and task forces of the Department of Agriculture except for panels used to comply with negotiated rule makings and panels used to evaluate competitively awarded grants.

SEC. 720. None of the funds appropriated in this Act may be used to carry out the provisions of section 918 of Public Law 104–127, the Federal Agriculture Improvement and Reform Act.

SEC. 721. No employee of the Department of Agriculture may be detailed or assigned from an agency or office funded by this Act to any other agency or office of the Department for more than 30 days unless the individual's employing agency or office is fully reimbursed by the receiving agency or office for the salary and expenses of the employee for the period of assignment.

SEC. 722. None of the funds appropriated or otherwise made available to the Department of Agriculture shall be used to transmit or otherwise make available to any non-Department of Agriculture employee questions or responses to questions that are a result of information requested for the appropriations hearing process.

SEC. 723. (a) None of the funds provided by this Act, or provided by previous Appropriations Acts to the agencies funded by this Act that remain available for obligation or expenditure in fiscal year 1999, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure through a reprogramming of funds which: (1) creates new programs; (2) eliminates a program, project, or activity; (3) increases funds or personnel by any means for any project or activity for which funds have been denied or restricted; (4) relocates an office or employees; (5) reorganizes offices, programs, or activities; or (6) contracts out or privatizes any functions or activities presently performed by Federal employees; unless the Appropriations Committees of both Houses of Congress are notified fifteen days in advance of such reprogramming of funds.

(b) None of the funds provided by this Act, or provided by previous Appropriations Acts to the agencies funded by this Act that remain available for obligation or expenditure in fiscal year 1999, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure for activities, programs, or projects through a reprogramming of funds in excess of $500,000 or 10 percent, whichever is less, that: (1) augments existing programs, projects, or activities; (2) reduces by 10 percent funding for any existing program, project, or activity, or numbers of personnel by 10 percent as approved by Congress; or (3) results from any general savings from a reduction in personnel which would result in a change in existing programs, activities, or projects as approved by Congress; unless the Appropriations Committees of both Houses of Congress are notified fifteen days in advance of such reprogramming of funds.

SEC. 724. Funds made available to the Farm Service Agency, the Natural Resources Conservation Service, and the Rural Development agencies may be used to support a staff office established to provide common support services, including the common computer system for use by such agencies.

SEC. 725. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries and expenses of personnel to carry out the provisions of section 793 of Public Law 104–127, the Federal Agriculture Improvement and Reform Act of 1996, as amended.

SEC. 726. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries and expenses of personnel who carry out a wildlife habitat incentives program authorized by section 387 of Public Law 104–127.

SEC. 727. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries and expenses of personnel who carry out an environmental quality incentives program authorized by sections 334–341 of Public Law 104–127 in excess of $174,000,000.

SEC. 728. None of the funds appropriated or otherwise made available by this Act shall be used to enroll in excess of 130,000 acres in the fiscal year 1999 wetlands reserve program as authorized by 16 U.S.C. 3837.

SEC. 729. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries and expenses of personnel who carry out the emergency food assistance program authorized by section 27(a) of the Food Stamp Act if such program exceeds $90,000,000.

SEC. 730. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries and expenses of personnel to carry out the provisions of section 401 of the Agricultural Research, Extension, and Education Reform Act of 1998.

SEC. 731. Notwithstanding any other provision of law, the City of Big Spring, Texas shall be eligible to participate in rural housing programs administered by the Rural Housing Service.

SEC. 732. Notwithstanding any other provision of law, the Municipality of Carolina, Puerto Rico shall be eligible for grants and loans administered by the Rural Utilities Service.

SEC. 733. Notwithstanding section 381A of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009), the definitions of rural areas for certain business programs administered by the Rural Business-Cooperative Service and the community facilities programs administered by the Rural Housing Service shall be those provided for in statute and regulations prior to the enactment of Public Law 104–127.

SEC. 734. None of the funds appropriated or otherwise made available by this Act shall be used to carry out any commodity purchase program that would prohibit eligibility or participation by farmer-owned cooperatives.

SEC. 735. Meaning of ''Antibacterial''. Section 512(d)(4)(D)(iii) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C.

360b(d)(4)(D)(iii)) is amended by inserting before the semicolon the following: '', except that for purposes of this clause, antibacterial ingredient or animal drug does not include the ionophore or arsenical classes of animal drugs''.

Mr. SKEEN (during the reading). Mr. Chairman, I ask unanimous consent that the bill through page 67, line 15 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the gentleman from New Mexico?

There was no objection.

The CHAIRMAN. Are there amendments to the portion of the bill just read?

If not, the Clerk will read.

The Clerk read as follows:

SEC. 736. In issuing the final rule to implement the amendments to Federal milk marketing orders required by subsection (a) of section 143 of the Agricultural Market Transition Act (7 U.S.C. 7253), none of the funds appropriated or otherwise made available to the Secretary by this Act, any other Act, or any other source may be used to issue the rule other than during the period of February 1, 1999, through April 4, 1999, and only if the actual implementation of the amendments as part of Federal milk marketing orders takes effect on October 1, 1999,

AMENDMENT NO. 7 OFFERED BY MR. OBEY

Mr. OBEY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mr. OBEY:
Strike out section 736.

Mr. OBEY. Mr. Chairman, this will take a little time because I need to go back into some history to explain what is happening here today.

In 1938, the Congress passed legislation which established a series of milk marketing orders which, in essence, had the government setting prices for fluid milk based on where that milk was manufactured in the country. That made sense in 1938 when we did not have refrigeration, we did not have quality highways; it does not make sense today. It simply encourages overproduction, and it costs the taxpayer, and it hurts the consumers, and it hurts a lot of farmers in a number of regions around the country.

In the 1985 farm bill, Congressman Coehlo was instrumental in making a legislative change to that provision in law, first time that the Congress had interfered up until that time. Whatever differentials were provided for a Class I pricing were provided by administrative decision on a neutral basis. But that 1985 law added to the differential, and it raised the cost of milk products in a number of sections around the country.

As a result, today a farmer in Florida is required by law to receive $3 more per 100 pounds of milk than a farmer from my neck of the country is. A farmer from New York for fluid milk is required by law to be paid $2 more per 100 pounds on average than farmers in my section of the country.

We tried to change that in the farm bill that passed 2 years ago. Our efforts culminated in the amendment being offered that was offered at that time by Mr. Gunderson who was, at that time, the Republican chair of the Subcommittee on Livestock, Dairy and Poultry, and he tried to offer an amendment which would in a wholesale way reform that system.

He was rebuffed. He was told by the leadership of the House, no, there will not be any ability to offer an amendment to change this on the House floor. We are going to block you in the Committee on Rules. The only remedy that you will have is administrative.

Proceeding under authority in the farm bill to review the situation, Secretary Glickman has reviewed the seven options that he had before him for reforming this monstrosity, and he has proposed two for consideration by farmers. One is called Option 1–A. The other is called Option 1–B. The agency prefers 1–B, which is a tiny modest reform of the existing system. The status quo is represented by Option 1–A.

What is happening is that the very people who told us that we could not have a legislative remedy are now saying we cannot have an administrative remedy either. What they are saying is they are, in essence, delaying the ability of the Secretary to produce a reformed recommendation.

What that means is the Congress is saying, Mr. Secretary, Mr. Glickman, do not bother to even think about changing the milk marketing order system, because we will override you legislatively. That is why they have this delay in allowing the Secretary to propose his amendment.

I think that is illegitimate, and that is why I have a simple motion to strike that provision of the bill. Under the normal rules of the House, I should have been allowed to simply strike the section on a point of order because this section of the bill is clearly legislating on an appropriation bill. It is illegal under the rules of the House. It is not under the jurisdiction of the Committee on Appropriations.

I should have been allowed to strike that. I was not allowed to do so because that illegitimate section was protected by the rule. So now this is the only opportunity we have to have any discussion whatsoever of this proposal.

There is one other problem associated with what is in the bill. It also, by indirection, extends what is known as the Northeastern Dairy Compact. I do not blame representatives from any region of the country for trying to get a better deal for their farmers, but it should not come at the expense of farmers in other sections of the country, and it should not come at the expense of consumers.

What this provision in the bill provides is that it also allows for another 6-month extension of the Northeastern Dairy Compact. That will continue to raise prices for consumers in that region. It will continue to fence out from that region all dairy products produced in any other section of the country.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. OBEY) has expired.

(By unanimous consent, Mr. OBEY was allowed to proceed for 2 additional minutes.)

Mr. OBEY. Mr. Chairman, I find it ironic that some of the same people in this House who have lectured us on the need to open trade barriers internationally are now saying, oh, but we should proceed to erect trade barriers within the Continental United States. That is exactly what the continuation of the Northeastern Dairy Compact would do.

So this amendment is very simple. It simply strikes the provision in the bill which extends the existing milk marketing order system and prevents the Secretary from offering reforms to it until he has waited another 6 months. It would also follow the original intent of the Northeastern Dairy Compact and end that compact at the same time.

If we believe in bringing dairy into a free market system rather than having government dictate the price that farmers are paid, we will vote for this amendment. It will be fair to consumers. It will be much fairer to the farmers in many sections of the country than the existing situation is. It will certainly be fairer to my farmers.

I think if anyone votes against this amendment and claims with a straight face to be a free marketer, he has been looking at a different dictionary than I have.

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

Mr. OBEY. I am happy to yield to the gentleman from Vermont.

Mr. SANDERS. Mr. Chairman, I am delighted to see my friend, the gentleman from Wisconsin, my good friend, suddenly defending the free market theory when on so many issues we have stood together and said that it is absolutely appropriate to protect working people, to protect family farmers against the changes in the free market.

□ 1315

Mr. OBEY. Reclaiming my time, I have no objection to protecting people from the unfair aspects of the free market, provided that you protect everybody. But the way this works is you are protecting your farmers at the expense of farmers in every other section of the country, and I do not regard that as a legitimate way to proceed.

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

Mr. OBEY. I yield to the gentleman from Wisconsin.

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

Mr. PETRI. Mr. Chairman, I rise in support of the gentleman's amendment.

Mr. SOLOMON. Mr. Chairman, I move to strike the last word.

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

Mr. SOLOMON. Mr. Chairman, let me just rise in the strongest possible opposition to the motion to strike this extremely important provision in this bill. This provision is vital to the long-term livelihood of the dairy farmers throughout this entire country.

I am about to show my colleagues a chart that shows dairy farmers all across America. It does not matter whether you are from the Northeast, the Southeast, the Southwest, anywhere except in Wisconsin, they would lose and they would lose badly. Our farmers would be out of business. There would not be a farm left in Massachusetts, in New York, in New England, anywhere in New England, in Vermont if this legislation were to be defeated here today.

Let me take a moment to correctly characterize the dairy provisions of the 1996 farm bill as I was the author of those provisions just over 2 years ago along with the gentleman from Louisiana (Mr. LIVINGSTON), the chairman of the Committee on Appropriations; and also the gentleman from New Mexico (Mr. SKEEN), the chairman of the subcommittee.

The 1996 farm bill calls for reform in dairy, government purchases of product are phased out, eliminating the Federal budget outlays to dairy, marketing orders are consolidated and pricing adjustments are to be made. However, it was made explicitly clear in the deliberations over the 1996 farm bill that the basic pricing structure of the Federal dairy program that is so vitally important to the dairy men and women across this Nation would be maintained, without question. That is what the legislation says.

Some would argue that the Federal dairy program divides our Nation's dairy farmers into regions of haves and have-nots. The facts simply do not support that claim, Mr. Chairman. The Class I differentials that are such a popular target of the sponsors of this amendment in reality do not translate to higher producer pay prices.

As the USDA mailbox prices indicate, the Upper Midwest consistently receives higher farm-gate prices than all other regions with the exception of Florida. Over the last three years Wisconsin milk prices have averaged $0.39 per hundredweight higher than the prices received by my New York dairymen.

Mr. Chairman, the federal milk marketing order system is the life blood of the dairy farmers of this country.

Taking money out of the pockets of dairy farmers as USDA proposes is not the intent of this Congress and it will only accelerate dairy farm attrition and reduce local supplies of fresh fluid milk.

No one—not dairy farmers, not consumers—benefits from depressed farm milk prices.

In February, dairy producers in my district came to me and explained how the proposed USDA plan would in one fell swoop annihilate the already tight margins challenging their family businesses today.

Other Members, many other Members, from the many diverse dairy producing heard similar messages and we came together to publicly criticize the USDA plan regions—238 Members in this House and 61 in the Senate.

The dairy program may be complex and many Members today will claim they don't understand it, but please know—your farmers understand very well the impacts these policies have on their livelihoods.

Let's step back and look at this provision for what it truly is. The provision provides a 6-month across the board extension to all the dairy reform provisions of the Farm Bill to ensure that our nation's family dairy farmers are treated fairly under the federal milk marketing order reform.

It ensures that the damaging USDA proposal cannot be implemented while Congress is out of town and cannot respond to a rule that levy heavy costs on producers around the country to the clear benefit of one region.

Under the proposal, nearly 50 cents is taken away from my New York producers when they already receive 40 cents less per hundredweight than Wisconsin producers.

That is what I call unfair.

Support the extension, support Congressional oversight and oppose the Obey amendment to strike.

Mr. Chairman, in upstate New York in the Hudson Valley, we have farmers that have farmed that land for generations. These people have probably a net income between the husband, the wife and one child, in other words, gross income of about $31,000, if they are lucky, and most of them are less than that. How do they get that? If they are lucky, under the present milk marketing order system, which is a price support, not paid for by the Government, not one nickel paid for by the Government, but, in other words, the farmer might make $8,000, with all that work that goes into this over the course of a year. In order to maintain the farm and to maintain even a standard of living, the wife has to go out and she has to work for a catheter firm where she might make 12 or $13,000; and the one son who gets up at 4 o'clock in the morning when it is 30 below zero up there, the one son gets up, helps to milk the cows, then he goes to work in some other area, and in total they have an income of $31,000 and they barely are able to pay the taxes and keep that farm going. That is why we are losing farms by the hundreds, because people from New York City with all their money come up and then when they see the farmer no longer can make it, his son decides not to be the 16th generation, in other words, to work on that farm, and they no longer can make it, then somebody comes up there, they buy this farm, they renovate this farmhouse, and these wealthy people live happily ever after. But the farm is gone. They are gone by the hundreds and hundreds and hundreds.

Milk price supports, regardless of what the gentleman is going to say, simply guarantees that in every part of the country, you are going to lose money if we do not maintain those milk price supports. Take a look at this chart. Every single State in the union, except Wisconsin, loses money. Wisconsin makes money.

Let me just clarify for the last time what happened in 1996. I had just gotten out of a hospital, 30 days, where I had cancer, came on this floor and got into an argument with the gentleman from Rhode Island (Mr. KENNEDY), which I probably should not have been here, over guns; and the next day we took up this bill. The explicit bill said that we will maintain milk marketing orders, we will let the Secretary of Agriculture shrink those orders from 34 or 35 down to a workable 13 or 14. That was the order we gave.

Now, we have over 238 Members of this Congress coming from New York City, from the rural areas like the gentleman from Vermont who have signed this letter to Mr. Glickman saying, ''You have to live up to the law. The law says we will maintain milk marketing orders.''

The gentlemen from Wisconsin, this gentleman from Wisconsin (Mr. OBEY), they want to abolish it. They want to abolish it because they know their farmers will make more money if it is abolished, but all the rest of us will lose and lose badly.

The CHAIRMAN. The time of the gentleman from New York (Mr. SOLOMON) has expired.

(On request of Mr. OBEY, and by unanimous consent, Mr. SOLOMON was allowed to proceed for 2 additional minutes.)

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

Mr. SOLOMON. I yield to the gentleman from Wisconsin, someone I respect greatly.

Mr. OBEY. Let me simply ask the gentleman, outside of the fact that his State has 31 Members in this House and our State has 9, is there any other reason why his farmers should be required by law to receive $2 for every 100 pounds of fluid milk, $2 more for every hundred pounds of milk than my farmers are allowed to receive under the law?

Does the gentleman not believe that the market should determine what the price is rather than which State has the most votes on the floor of the House?

Mr. SOLOMON. That is exactly why we need the Northeastern Compact. It is why they need a Southeastern Compact. Because what it does, it guarantees that 8 million people in New York City and another 10 million upstate are going to get fresh milk, not coming from Wisconsin or someplace else; produced in the Hudson Valley of New York State.

Now, let us clear it up one more time. There is an overproduction of milk in the Northeast. Do you know how much we overproduce? I mean all these farmers that we are talking about. Two percent.

Do you know where the real overproduction comes? It comes from the area of the gentleman from Wisconsin

(Mr. OBEY). You know it, the whole country knows it, and you want to make even more money for your farmers. I do not begrudge you that, but do not put ours out of business. That is what you are doing.

Mr. OBEY. If the gentleman will yield on that point, let me simply ask, does the gentleman really believe that we should be establishing internal trade barriers to milk products in this country while we are being told that we should abandon trade barriers internationally?

Mr. SOLOMON. Did the gentleman ever live or work on a dairy farm? I grew up on a dairy farm in Okeechobee, Florida.

Mr. OBEY. You bet I did.

Mr. SOLOMON. Let me tell you something. Fresh milk means everything. We cannot abolish small dairy farms from across the country and depend on 5,000 herd of cattle owned by people that do not even belong in the dairy business, these international conglomerates. We do not want to depend on them. We want small dairy farmers in America.

Mr. OBEY. If the gentleman will yield further, the average farm in my district is 50 cows. That is already a giant. The gentleman makes the best possible argument for the worst case that you have on the merits.

Mr. SOLOMON. I plead with the gentleman to join us.

Mr. PETRI. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the dean of the Wisconsin delegation the gentleman from Wisconsin (Mr. OBEY) and his amendment.

Mr. Chairman, the fact of the matter is that the Federal milk marketing order system has been gradually strangling the dairy producers of Wisconsin. There is no doubt about it. Before the Federal Government got into this business, Wisconsin was known as America's dairyland. We were by far number one in dairy production.

Since the Federal Government got into this in the Depression and then it has been extended, what we have seen is the pattern where gradually the producers of Wisconsin have been squeezed out of business. I will yield to no one in the country in their concern about dairy producers, but I would question them being concerned about dairy producers just because they happen to be next door rather than across the United States. The fact of the matter is the effect of the Northeast Compact and of the milk marketing order system has been to put hard-working dairy farmers out of business net in the United States.

The reason really that the impact is disproportionate on Wisconsin is due to the different structure of our dairy industry historically from many other areas of the country. Most of the areas of the country were historically fluid milk producing areas of the country for urban consumers. In Wisconsin, 90 percent of our milk on average historically has gone into value-added processed products, cheese, butter and the like, and then shipped all across the United States.

Over years as people learned how to manipulate the milk marketing order system, what has happened is that they have used the price supports to help them produce fluid milk for their local consumers, they have used that to subsidize excess production, and then manufactured that excess production into butter and cheese and so on, driving Wisconsin producers out of business.

The fact of the matter is we are no longer America's dairyland in Wisconsin. We are number two, both in milk production and now, for the first time in several generations, in the number of cows, to California. That is because, not that Wisconsin farmers do not work hard, not that they are relatively inefficient but because of the discrimination against the upper Midwest that is inherent in the Federal Government milk marketing program. The time has come to end that program and not keep it alive.

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

Mr. PETRI. I yield to the gentleman from Wisconsin.

Mr. OBEY. I thank the gentleman for yielding.

Mr. Chairman, let me simply observe that all through the debate last year, we were told, ''You guys aren't going to get the opportunity to offer an amendment on this floor because we're going to prevent you from doing that by a special rule in the Rules Committee, so you aren't going to get a legislative remedy. You are going to have to rely on the USDA to come up with an objective reevaluation through their analysis.''

Now that USDA has done so and the Secretary of Agriculture has indicated clearly that this system needs some reform, even though the reform he has proposed is the most minimal of the options offered outside of the status quo, we are now being told, ''No, sorry, guys, don't bother. Mr. Secretary, don't bother, because if you try to adjust it, we're going to hammer you down legislatively.''

That is what that provision is about in the bill. We are offering this amendment so that we finally get an opportunity to deal with this issue the way we should have been allowed to get an opportunity when the bill was originally before us.

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

Mr. PETRI. I yield to the gentleman from Wisconsin.

Mr. KIND. Mr. Chairman, as the gentleman from Wisconsin knows very well, this is June Dairy Month back in Wisconsin. We have got 72 dairy breakfasts going on. Twenty-four thousand family farms are celebrating June Dairy Month right now. Since 1980 alone, because of this antiquated Depression-era Federal milk marketing order system, we have suffered half, half of the family farms that have gone out of business in the last 18 years. Roughly five or six family farms a day are going out of business because of this price differential that is pitting region against region.

This is a golden opportunity for this Congress to finally come together, bring the competing regions together, finally hammer out one coherent national dairy policy that will get rid of these trade barriers that are now existing from region to region and start positioning our dairy producers for the 21st century so we can compete internationally. Rather than subsidizing inefficient dairy operations at home, we should be looking beyond our borders in how we can gain access to these opening markets overseas. We are not going to do that as long as we perpetuate this discriminatory form of dairy policy that works by and large to the disadvantage of farmers in Wisconsin. I have got 9,000 of those family farms in my district alone.

Eau Claire, the city, has been the epicenter of this discriminatory policy. That is what has to change. I thank the gentleman for yielding.

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Wisconsin. Indeed I feel a little bit like an exhibit in an SAT question, ''What doesn't belong in this sequence?'' because I find myself in among all the Wisconsinites, and I am not motivated similarly to them. I bid them all a happy June Dairy Month. I was previously unaware of its existence and I probably will not celebrate it other than today. I am speaking for the consumers in favor of the amendment. Let me address the free market question.

□ 1330

I have generally believed that we should, when we are dealing with production, rely on the powerful pro-production, pro-efficiency mechanism of the free market. I differ with some of my colleagues here in believing that the government then has some responsibility to provide safety nets. So I want to see these dairy farmers who are not doing well get the benefit of health care. I differ from some of my colleagues maybe in that. I do think, however, we make a distinction. The free market is the best way to govern production. Then the government intervenes to deal with people who may not be doing well.

What I am struck by are the number of my colleagues who are ordinarily supporters of the free market who trash it in this regard. My friend from New York, who I had always thought of as a great conservative, says that there are people who do not belong in the dairy business. Apparently we have a new function now. We in the Congress will decide who belongs in the dairy business and who does not belong in

the dairy business. I do not think we belong in the business of deciding who belongs in the dairy business, and therefore we ought to get to this amendment.

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

Mr. FRANK of Massachusetts. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Chairman, no, I did not mean that at all. What I meant was, I say to the gentleman from Massachusetts, we went through an S&L crisis, as my colleagues know, a number of years ago. And I know, and I will get the gentleman from Massachusetts some more time; okay?

But as my colleagues know, what happened was when we changed the guaranteed deposits, as my colleagues know, everybody got into the banking business. My colleagues and I decided we were going to be bankers, and we jumped in because it was all going to be federally guaranteed. Now we have got the same kind of people jumping into the dairy business.

Mr. FRANK of Massachusetts. Mr. Chairman, let me say I apologize for responding to what the gentleman said rather than what he meant, but my psychic powers are not as strong today as they have been.

I differ with the analogy. In the S&L business we did try very hard to put the S&L owners out of business. Those who were, in fact, culpable, we protected the depositors but not the owners.

But this is the issue, and I have all these free market people on the other side. I mean, maybe I am a sloppy reader. I thought I was familiar generally with the works of Milton Friedman, Friedrich Von Hayek, Ludwig Von Mises and Daffy Von Duck and whoever else the gentleman is citing. I must have missed the footnote that said none of this applies to farming. Somehow apparently in this whole body of intellectual activity that the friends of the free mark, there is an exception for farming.

What are we told? There is overproduction, my friend from New York says. Too many people are producing, there are people who can barely make it. And what is the solution? It is that the government step in and protect that overproduction, let us have government rules that guarantee that people can continue to overproduce.

It is the role of the market to deal with this in a fair way. If there are people who will then suffer, I am for health care for them, I am for better education programs for their children, and I am for trying to protect them. What this does is artificially keep prices high in the parts of the country so that poor consumers have to pay higher milk prices.

Let us also understand that there is no magical source of money here. If we are going to pay some farmers more money than they would otherwise get because of government rules and it is not coming from the taxpayer, it must be coming from the consumers. And indeed I am, I guess, in the minority in my region in opposing the dairy compact because that is another example of mercantilism to protect a small number of people who apparently would not make it in a free market system. We require others to subsidize them.

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

Mr. FRANK of Massachusetts. I yield again to the gentleman from New York.

Mr. SOLOMON. As my colleagues know, I just do not quite understand this because I have got some strange allies, too. The Liberal Party in the State of New York; we have a Republican, a Democrat, a Liberal, a Conservative Party; the Liberal Party of the State of New York, which are consumer-oriented, support my position.

Mr. FRANK of Massachusetts. First of all, Mr. Chairman, let me say two things to the gentleman.

First of all, I am somewhat familiar with the political history of New York, and there is less justification for the continued existence of that Liberal Party, which is a vestige, as the gentleman knows, than there is for some of these dairy farms that cannot make it on their own. The Liberal Party in New York is a patronage farm, and my colleague wants to subsidize them. But beyond that, what the gentleman is saying is that the consumer should be willing to subsidize this because the consumer will get fresh milk.

Mr. Chairman, I think I will let the consumer make that decision. I do not think the United States House of Representatives has to say to the consumer, ''Look, we're going to make this choice for you. We will set rules that make you pay higher because you'll be getting fresh milk.''

Consumers are capable of making that decision. If in fact people are not willing to pay enough of a premium to buy the extra milk, then we will not have it.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. FRANK) has expired.

(By unanimous consent, Mr. FRANK of Massachusetts was allowed to proceed for 2 additional minutes.)

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

Mr. FRANK of Massachusetts. I yield first to the gentleman from Vermont.

Mr. SOLOMON. Why does the gentleman not yield to me first?

Mr. FRANK of Massachusetts. I yield first to the gentleman from Vermont because I have not yielded to him yet at all. It is the same side, it is equity. They are both against the free market. We are talking about socialist economics, one versus the other. That is okay. I yield to the gentleman from Vermont.

Mr. SANDERS. What we are talking about is six States, among other things, and the legislatures and the Governors of six States and the people of six States coming together and saying, yes, it is terribly important that we save family farmers today and in the future.

In terms of consumers, I say to the gentleman from Massachusetts (Mr. FRANK), let me suggest this: that family farms in the weeds around this country go out of business, and if dairy is controlled by a handful of multinational agribusiness corporations, if my colleagues think the consumers are going to get a good deal, they are wrong.

Mr. FRANK of Massachusetts. Mr. Chairman, excuse me, I am taking back my time. I only have 2 minutes.

No, I do disagree with the gentleman on exactly that. It is always the argument on behalf of the people who are less efficient that efficiency will lead to price increases. I understand there are people who do not believe the market works. I disagree with that. In the first place there is no danger, in my view, of the milk production business being dominated by three or four or five entities. There will continue to be competition.

Secondly, as for preserving the family farms, I would like to try to preserve family farms, but I would like to preserve family plumbers, family small grocery stores. One of the problems we have here is that we are singling out one occupation, small farming, which is not well served apparently by current economics and saying, ''We'll preserve you with subsidies and with extra consumer funds and not anyone else.''

As far as the sick States are concerned, yes, I know all States have voted for that. I have seen times in my life which States have voted incorrectly. I believe, as a representative of one of those States, that in fact the people I represent are poorly served by a mechanism which increases the price because we make the choice for them if they pay more.

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

Mr. FRANK of Massachusetts. I will yield once more to the gentleman from Vermont.

Mr. SANDERS. Mr. Chairman, I also am concerned about consumer prices, and the question we have to ask is, in the last 20 years, at least in my State, the real price that farmers have gotten for milk has declined in real price by 50 percent.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. FRANK) has again expired.

(On request of Mr. SANDERS, and by unanimous consent, Mr. FRANK of Massachusetts was allowed to proceed for 1 additional minute.)

Mr. SANDERS. Mr. Chairman, if the gentleman will yield, the issue here to think about, if we are concerned about consumers, is why, if the real price that family farmers have received has gone down by 50 percent and farmers all over this country are being driven off of the land, why in the supermarkets the prices have gone up.

Mr. FRANK of Massachusetts. Let me respond. I would say to the gentleman, Mr. Chairman, that the price paid to the farmer is not the only price. There are processing costs, there are trucking costs, there are costs in having the store, and I know the gentleman is much more critical of the market than I. I would point out to many of my colleagues on the other side that the view of the market he is taking, he is being consistent, is not one they usually take. They are the ones that are making a very blatant exception for this one favored profession. I differ with the gentleman from Vermont about this. I understand that is his view. I do believe the market generally works, but the price paid to the producer is by far the only element.

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

Mr. FRANK of Massachusetts. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would simply like to point out the problem with the gentleman from Vermont's argument. It is that he intervenes only in support of some of the farmers in this country. Many other farmers are driven out of business by the very action that is being defended on this House floor today.

Mr. SMITH of Oregon. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, now that the entertainment is over, we ought to be talking about the issue that is before us and the amendment before us, and having survived these dairy wars in the past, I thought it was possible that we might get by one more time, but of course that did not happen.

Frankly, I became involved because I believed that this was not the time or the place to debate again the finality of what is going to happen to dairy. It was my understanding that my colleagues in 1996 passed a bill called the Freedom to Farm bill which ends subsidies, and I thought that was the process that we were going through.

But that did not occur, and in an effort to assist the people in the Midwest I offered a program to merely extend for 6 months the existing issue, all in a manner to keep the peace. Well, obviously the people in the Midwest are now suggesting that that is not enough, but it was a compromise, and it was agreed to by the gentleman on this side and ladies and gentlemen on that side. We thought it was a agreement.

Now what is wrong with allowing the authorizers and the appropriators another session, since this is late in this one and since, thank God, I will not be here to have to enlist in this argument again, what is wrong with allowing the next Congress, authorizers and appropriators, to deliberate and debate this issue in depth? I thought I was offering a reasonable amendment. I was congratulated, by the way, by some Members on their side and my side on reaching a reasonable agreement.

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

Mr. SMITH of Oregon. I yield to the gentleman from Wisconsin.

Mr. KIND. Mr. Chairman, just from a personal point of view, one of the concerns I have is even if this amendment fails and we get the 6-month extension, we are merely delaying the inevitable. We have been in touch with the Department of Agriculture. They have been having hearings, they have been receiving public comment. They propose two options right now. They are ready to move forward on issuing a rule this fall and implementing that rule early next year, just as the Freedom to Farm bill authorized them to do just 2 short years ago.

Let us get on with it right now. We do not want to have another big dairy fight on this House floor now.

Mr. SMITH of Oregon. Reclaiming my time, Mr. Chairman, I understand the gentleman's point. My point is simply this. We have reached an agreement and a compromise, I thought. Now keep it. Vote this amendment down.

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

Mr. SMITH of Oregon. I yield to the gentleman from New York.

Mr. SOLOMON. Let me just clarify one thing because, as my colleagues know, we are trying to have some comity here, but, as my colleagues know, this gentleman now who is retiring, he is chairman of the Committee on Agriculture, has gone, bent over backwards to try to compromise so that we could work this issue out over the next 6 months or so. I will not be here either. But let me tell my colleagues what he did.

I went out and got 250 signatures in support of ramming through an order on the Secretary of Agriculture to implement 1–A. We could have done that. We could have rubbed their noses in it. The gentleman from Oregon came to me and said, ''You shouldn't be doing that.'' He came to the gentleman from Louisiana (Mr. LIVINGSTON) and said, ''You shouldn't be doing that.''

Incidentally, we already had 61 Senators. As my colleagues know, that is more than we even need to force something on the floor over there in support of our position.

So we all backed off and we all sat down because of the chairman of the Committee on Agriculture and said, ''All right, if you want a 6-month extension, we'll agree to it.'' It is part of an agreement that we all made, and that is why we should not even be going through this debate right now. We should have gone perhaps the other way and settled it once and for all.

But I for one commend the gentleman because he was acting in good faith, and we all went along with him.

Mr. SMITH of Oregon. Mr. Chairman, I yield to the gentleman from New York (Mr. BOEHLERT).

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

Mr. BOEHLERT. Mr. Chairman, I rise in strong opposition to the amendment and in support of the gentleman's enlightened position.

Mr. Chairman, I rise in strong opposition to the amendment.

The amendment would eliminate the extension of the current milk marketing rules and the Northeast Dairy Compact by an additional 6 months, from April 1999 to October 1999. This extension is necessary to ensure that Congress is able to fully understand and properly oversee the Department of Agriculture's efforts to reform the federal milk marketing rules.

Why is this necessary? Because when Agriculture Secretary Dan Glickman announced the proposed rule for the reform of the federal milk marketing order system, he outlined a ''preferred'' plan, known as ''Option 1–B'', which would dramatically reduce dairy farm income in almost all regions of the country. Option 1–B will reduce annual dairy farm income by approximately $365 million nation-wide at a time when many dairy farmers are barely able to hold on to their farms and their way of life. I think it is fair to expect that Option 1–B would put many farmers out of business.

In response, 238 Members of this body sent Secretary Glickman a letter criticizing the Secretary's ''preferred'' option and voicing strong bipartisan support for the other option outlined in the proposed rule—a fair and equitable option, known as ''Option 1–A.''

Despite the overwhelming support for Option 1–A, USDA appears to be moving forward with efforts to implement its preferred plan, Option 1–B, early next year.

This is why the next Congress, the 106th Congress, must have adequate time to review and act on USDA's final rule. The extension provision in the bill does not mandate any specific reform of the federal milk marketing rules. It merely ensures that Congress will have the opportunity to properly oversee USDA's rulemaking on behalf of the American people and dairy farmers, in particular.

With that, I urge my colleagues to oppose the amendment and any other amendment which would delete or weaken the extension provision.

Mr. SMITH of Oregon. Mr. Chairman, I yield to the gentleman from Wisconsin (Mr. PETRI).

Mr. PETRI. Mr. Chairman, I just wondered why, when extending for 6 months the Secretary's marketing order determination, they include in the extension for 6 months the New England Dairy Compact, since the two are not related.

Mr. SMITH of Oregon. Mr. Chairman, the gentleman has an amendment in which we will have plenty of time to discuss that, and I will be happy to. I think it was to extend the total program compacts that were involved. That is the reason, and frankly it was not debated at length. We will debate the gentleman's amendment.

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

Mr. BALDACCI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment that has been offered, that would eliminate this extension as

it was negotiated by the chairman of the committee, and I commend the chairman of the committee and the ranking member, the gentleman from Texas (Mr. STENHOLM) for being able to come to some reasonable judgment in terms of how this should continue on for an additional 6 months until the department and the affiliated groups can come to some resolution of this.

□ 1345

The extension applies to all the provisions of dairy reform and would ensure that Congress will have that time to review and respond to a rule that would not hurt the dairy farmers around the country.

I ask my colleagues not to be misled by the extravagant claims of the industrial cartel organized in opposition to the compact of dairy farmers. I think it is important to clarify some points. I think the most important thing that all of us recognize is the importance of small family farms, small dairy farms, not only in terms of economic dollars and sense, but what they provide to communities, whether it is the participation in the 4–H program, and there are 35,000 young people in our State of Maine that are part of those 4–H programs, or whether it is part of Future Farmers of America program.

A lot of the agricultural policies that have been established have benefitted large agri-businesses and forced a lot of the small farmers to get into larger businesses. We want to preserve this heritage and this culture in the compact, and the issues that are being dealt with by the department is a compact between the consumer and the farmers because of the importance of both.

I believe today, when we are talking about the values and we are talking about culture and passing it on from one generation to the next, I think it is very important to maintain at least this glue which holds communities together.

When you are talking about surpluses and the fact that it is felt that maybe in the Northeast they have contributed to that surplus, the facts do not bear that out. In fact, it was the West and Midwest that produced 99.8 percent of all the surplus purchased this year; it was not the Northeast.

The compact has not increased the cost to the government for nutritional programs. In fact, WIC and the school nutrition programs have been exempted from increases associated with that compact. The compact does not cost the USDA any money, and the compact commission contracts with the market administrator and pays for the services provided.

So I ask my colleagues to oppose the amendment that is being offered by the gentleman from Wisconsin, which eliminates this extension and would allow for a true debate to continue on.

In my first session on the Committee on Agriculture there was an attempt to basically turn dairy policy on its head, because at that time the chairman of the subcommittee happened to be from the part of Wisconsin that is under discussion today. What came out of that discussion was that all regions of the country have the same interests. I would submit to Members here, what is happening in the Northeast is happening in the Southeast, is going to happen in the West and all over, because of the same very underlying issues that are impacting in the Northeast.

So I ask my colleagues to both oppose this amendment and the additional amendment that is being offered in this session.

Mr. WALSH. Mr. Speaker, I rise to strike the requisite number of words.

Mr. Speaker, the debate that we have heard thus far points out fairly clearly the issues that are at stake. There was a lot of discussion regarding the dairy compact. That is not the issue here. The issue here is an extension of all existing dairy legislation under this appropriations bill for 6 more months. It treats everyone equally. It treats the States involved in the compact, it treats the State of California, and it treats Wisconsin all equally. This is merely an extension of the existing law.

As the gentleman from New York (Mr. SOLOMON) pointed out, there are 250 Members of this House who are on record in support of Option 1–A. There are 61 Senators who are on record in support of Option 1–A.

We believe that we have the votes to win this. We still believe that. But out of deference to the chairman of the Committee on Agriculture, he said ''Let's compromise on this, this is not an authorizing bill, this is an appropriations bill, we will merely extend the law,'' that is what we propose to do here.

Now, fairly clearly, you have seen members of the State of Wisconsin's delegation standing up doing their level best to protect their farmers as they see it. The reason is because they believe that Option 1–A hurts their farmers and helps the rest of the country at the expense of their farmers. All the economic data shows Wisconsin farmers are not harmed by this legislation; they just do not do as well as they would under Option 1–B.

The problem with that is Option 1–B does harm our farmers, the rest of the country's farmers. So what we are asking is that we extend this law further so that Secretary Glickman can get a better read on what exactly is going out there in the country. The professional people on his staff recommended Option 1–A, the law that we believe that the rest of the country believes would be good for the dairy industry.

The political appointees and Secretary's staff recommended Option 1–B, I am sure out of deference to the very distinguished ranking member of the Committee on Appropriations who hails from the State of Wisconsin. He has done a very good job in protecting his farmers.

But, it is very clear, the lines are drawn. There is Wisconsin and Minnesota, and then there is the rest of the country. But we are not even choosing here between the upper Midwest and the rest of the country. We are merely saying give us the opportunity to let this law extend out over a period of another 6 months from when it is scheduled to finish up, and give us, the Members of Congress, an opportunity to work with the Secretary, and we hope to help him to see the light that Option 1–A is the best direction to travel in. But this treats the compact States, the upper Midwestern States, the State of California and the rest of the country, equally, by merely extending the law.

So I would urge strong rejection of the gentleman's amendment.

Mr. JOHNSON of Wisconsin. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this amendment basically just asks this Congress to stick to its original deal, the deal that was made here a couple of years ago, and that is why I vigorously rise today to support this amendment.

What it does is just restore order to the underlying bill, that continues to punish not just the dairy farmers in Wisconsin, but a lot of them in the Midwest.

If we put the situation in perspective, we are working under what I think most people agree is an outdated dinosaur that we call our dairy policy. It disregards the advance of time, the advance of transportation and technology, and, as was referenced here earlier today, in spite of all the talk about the global economy and competing in the rest of the world, we continue to want to put up artificial barriers within our country.

We have spent 60 years rewarding dairy farmers with higher prices based on the distance that the cows are located from Eau Claire, Wisconsin. As a result, just some farmers, and it has been pointed out they are in Eau Claire, but that is how the original dairy policy is based, in Wisconsin, on the distance from Eau Claire. So the farmers who live there and work in America's dairyland have struggled, while dairy producers elsewhere have thrived.

That was not punishment enough. Two years ago Congress made a deal and gave the freedom to farm to farmers who produce commodities other than dairy, giving those producers new opportunities. Meanwhile, they delayed the freedom to farm and reform for dairy farmers until April of 1999. If that was not punishment enough, Congress in the same bill created the Northeast Dairy Compact, the subject of some of the debate today.

What happened as a result? It cost taxpayers money. We produced surplus milk at twice the rate of the rest of the Nation. It cost consumers money in the grocery store, raising the price of milk in that area, and it gives unfair leverage to farmers in the Northeast at the expense of the Midwest.

It further divides the country. It pits region against region, farmer against farmer, and what we are trying to do here is have a level playing field. What we asked for in other countries, we are asking for that in our country.

Today what we have before us, as was pointed out, this is an appropriations bill. It is supposed to be absent of legislative language. Now it would further delay the implementation of what has been called for 2 years ago, reform in the dairy pricing policy. It would further extend the harmful Northeast Dairy Compact.

Now Congress wants to tell Midwest farmers to wait longer for freedom. We have wandered for 60 years under a policy that still relates to the distance the cows are located from Eau Claire, Wisconsin. We do not want to wait any longer.

In speaking of agreements, this bill is a giant leap backwards. It is a return to the stone age of dairy policy. Congress 2 years ago put a process in place that would reform dairy prices, and that was the deal by April of 1999. It may not be perfect, but it was a deal. Now, today, we want to turn our back on our deal.

I think that is an outrage. Everybody in this House who talks about the free market system ought to be outraged. Everybody in the House who champions less government interference ought to be outraged. Everybody who praises less government spending also ought to be outraged.

I urge my colleagues to join in support of the gentleman from Wisconsin (Mr. OBEY), to support this amendment that is before us, to reject the back door legislative tricks and support the fairness and dairy price reform.

I know we will have a further amendment from the gentleman from Wisconsin (Mr. PETRI) and the gentleman from Minnesota (Mr. PETERSON), but I think this amendment is one that will serve us well, that will stick to the original deal that we had to change and really reform the dairy policy, and yet let the USDA do it by April of 1999.

We said let USDA make the decision. Let us let them make the decision on the schedule that was originally intended. I support and ask for support for this amendment.

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

Mr. JOHNSON of Wisconsin. I yield to the gentleman from Wisconsin.

Mr. KIND. Mr. Chairman, I would like to ask my friend a question. The gentleman represents the Eighth District of the northeastern part of Wisconsin. As the gentleman is traveling around his district, meeting with family farmers and dairy farmers in his area, is the gentleman hearing from them that they are looking for any special handout or privilege as producers of dairy products, as compared to the rest of the Nation?

Mr. JOHNSON of Wisconsin. Mr. Chairman, reclaiming my time, our farmers are not looking for a special deal. They are concerned about dairy farmers all across the country. The problem is we do not want to have artificial barriers, more compacts created all across the country. We need this amendment to move on with the process of dairy reform.

Mr. NEUMANN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to take this debate from where it is, with a bunch of people out here in ties and suits, and bring this discussion back home to what it really means back in Wisconsin.

My first job was on a dairy farm. I used to get to that farm at 7 o'clock in the morning. I was a teenager at the time. By the time I got to that dairy farm, the farmer had already milked the cows and was headed in to breakfast.

Dairy farmers are hardworking individuals in this country. My wife's family had dairy cows, and I would like the authors of this amendment to hear these words, because they are very real. There are no cows on that farm where my first job was. My wife's family, dairy farmers for years, for generations, there are no cows on that dairy farm any more.

There is a good reason that the dairy farmers in Wisconsin are going out of business. It is the advantage, the unfair advantage, that is being given people around this country, because people out here in this Congress wearing suits are taking away the opportunity for our people to compete on a level playing field.

Where are all the free-traders? Where are all the people that say we should have a fair marketplace to produce our products and to market our products? Where are all those people in this debate?

Then I hear we are protecting the Wisconsin farmers. Come on, we are not protecting the Wisconsin farmers. We are asking that those farmers be given a fair shake across this country, and they are not being given that right now. I personally think it is a tad unfair when the government steps into the picture and credits $3 per hundredweight in one part of the country, and then goes to Wisconsin and says if you happen to live close to Eau Claire, Wisconsin, you are not eligible for that $3 per hundredweight.

What happened to all of those people that I hear on the floor of the House regularly saying we want a fair level playing field on the world marketplace? What about the United States of America? Why do we not get a fair level playing field for our dairy farmers here?

Then I hear, well, we ought to just extend this thing for 6 months. Shoot, I am beginning to think we are treating this like the notch problem, and every time I bring up the notch victim problem in this country, everybody laughs and says it is going to go away. Well, that problem is not going to go away either, and those people are being mistreated too.

But the point is we are now starting to treat the dairy issue in the same way as we are treating the notch problem. If you wait long enough, I am convinced there are Members in this Congress that believe our dairy farmers in the Midwest are all going to be out of business, and shoot, if you think about it, if you have got a $3 per hundredweight advantage in one part of the country, it is likely to put them out of business.

I think they believe if they wait long enough and we stall this issue off far enough, that it is going to put enough farmers out of business that we will no longer have to deal with the problem.

□ 1400

I think it is time Congress gets out of the way. I think it is time we return to a competitive atmosphere, so that dairy farmers in this country can compete not only with each other, but can compete in the world markets.

The government cannot step into these pictures and control the price of these products around the country, giving unfair advantages to certain parts of this country, if we wish to restore this.

I just conclude my remarks by saying the concept of pricing a product based on how far you happen to have your herd of cows located from Eau Claire, Wisconsin, is a situation that I have yet to hear anyone in this city reasonably explain to me why we would come up with that kind of a solution in the first place, much less why we would let it stay in place for this large number of years.

Mr. Chairman, I strongly support the Obey amendment. It is time we make a decision and create a level playing field in this country for our dairy farmers, and it is something that should be done sooner rather than later. The right idea is not to stall off the decision.

Mr. OLVER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to my friend, the gentleman from Pennsylvania (Mr. HOLDEN).

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

Mr. HOLDEN. Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from Wisconsin.

Mr. OLVER. Mr. Chairman, I just want to say here that there is no one in this room, whether they are on one side or the other side of this issue, who can claim that the family dairy farmers in dairy farms in their part of the country are somehow prospering under the present system of milk marketing orders that we are using, not if they happen to live in upper New York State, where the gentleman who chairs the Committee on Rules comes from; not if they happen to live in Wisconsin, where the ranking member comes from; not if they happen to be the

chairman of the Committee on Appropriations, coming from Louisiana; or the gentleman from Vermont, in an exporter State; or myself, in an importer State, in Massachusetts.

Mr. Chairman, in the agriculture authorization bill in 1997, we authorized a limited set of changes. After looking at a number of different options, the Secretary of Agriculture has come up with two favorite options, two options, really, 1(a) and 1(b); under 1(a), which is the more moderate of these, a small number of changes, nearly the status quo; and 1(b), which is a pretty radical change, at least as viewed by farmers, as viewed by farmer cooperatives all over the country.

More than a majority of Members of both the House and Senate, more than a majority of both parties in both branches have written to the Secretary of Agriculture asking him to choose option 1(a), there is no question, from all parts of this country, except, by the way, from the area within a couple of hundred miles from Eau Claire, Wisconsin, which somehow is the center of the universe as far as milk is concerned.

From other parts of this country, that is where that majority comes from, from States all over this country. They do that because they believe that it will slow, at least slow if not prevent, because I do not think it will be prevented, the move to milk monopolies. They believe that it protects the capacity to have consumers have access to a fresh and local supply of milk. They believe that option 1(b) would accelerate the loss of family dairy farms in places all over the country except for those within a short distance from Eau Claire. It is no wonder the Members from Wisconsin are getting up, given that option 1(b) clearly changes the playing field.

Who is to know in this arcane system whether we have a level playing field or not, if it may be slightly tilted; but this amendment, as it has been offered by the gentleman from Wisconsin, would tilt that whole system very heavily in the direction of accelerating the loss of family dairy farms in other parts of this country; also because the majority believes it is unfair to then impose a system which clearly then has relative beneficial effects for one portion of this country at the expense of every other portion of this country.

So this is a carefully crafted proposal to extend by 6 months, so that the appropriators and the authorizers can see exactly what it is that is put forward as a milk marketing system by the Secretary of Agriculture, and so they can respond within the fiscal year that that goes into effect. That is what this extension is about.

I think the chairman of the Committee on Agriculture, the gentleman from Oregon (Mr. SMITH) said it quite well, that that is what this is about, making certain that the appropriators and authorizers for all of these issues can look at it within that fiscal year that we would be in.

I certainly hope that the amendment will not be adopted.

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

Mr. OLVER. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would just like to point out one thing. The gentleman indicated that what we were trying to do is to tilt the system in favor of our region of this country.

I would point out that right now the law requires farmers in the gentleman's region of the country to be paid several dollars per hundred pounds of milk more than ours. The option favored by the Secretary simply eliminates 25 percent or less of that unfair advantage.

Mr. GILCHREST. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, there has been a great deal of talk this afternoon about free markets. There has been a great deal of talk about one region over another region having a benefit. That certainly is a discussion that we need to have.

I think the House floor at this point is not the place to discuss whether the Northeast Dairy Compact has an advantage over the Wisconsin or Midwest dairy farmers. We are going to disagree on it. I strongly urge a no vote on this amendment. This can be taken up. We can extend it for 6 months. This is a discussion we need to have.

Mr. Chairman, we should not be discussing ending a program that is unfair to one part of this country and then transfer that problem to another part of this country. That is going to be the result of this vote if it passes.

I would like to take this to a slightly different perspective. This country was founded on four things, and that is why we are very successful: democracy, which is what we see here; character, which for the most part is what we see here; an abundance of natural resources; and an endless frontier.

Our endless frontier is virtually gone. Our open space is becoming gobbled up by a lot of things, including development. Our natural resources are diminishing quickly. So what we have left to keep this country going, to keep the prosperity and the quality of life that people want for generations to come, is our ability to discuss in an intellectual fashion how we manage what we have left for future generations.

The idea of a free market is what this country is founded upon, for the most part. General Motors prospers, Westinghouse prospers, industry prospers, but agriculture is different in some ways. General Motors can still work if it rains. Westinghouse can still work if there is a drought. If there is a severe drought in certain parts of this country, they prosper, and agriculture suffers and sometimes becomes eliminated.

So unless we understand the mechanism of agriculture, and I know the gentleman from Massachusetts may not be here, but he talked about a free market system. A free market system is fine if we had an endless frontier, because we would have thousands and thousands and thousands and thousands of acres in excess. But what we have is thousands and thousands and thousands of acres being developed every single year. Millions of acres are lost from agriculture to development in one form or another.

So the idea that this country must continue to manage, yes, and the Congress needs to be engaged in that process, about how we can make it fair across the board.

I think a 6-month extension is the right thing to do. I think Wisconsin and the Northeast Dairy Compact, the people in California, need to continue to debate and discuss over that period of time what they can do to ensure that the family farm, which is another issue of discussion here, and the family farm is different than the export farm by a long shot.

The corporate farm turns farmers into employees. It does not take farmers and continue to allow them to be farmers, it turns them into employees. We can see that in the poultry industry. A poultry grower, for the most part, in this country, is not a farmer. He or she is an employee. We want to reverse that, if we can. We want to make sure that that does not happen in the dairy industry.

One last comment. This is a complicated issue. People are talking about, let the prices take care of it. Let free markets take care of it. The price of a bushel of corn today is the same as it was, given the season, 40 years ago. The price of a bushel of corn that the farmer grows to feed his cow is the same as it was 40 years ago. The price of a combine that harvested that corn 40 years ago was about $25,000. Today it is well in excess of $100,000, and it is closing in on $200,000, so the small family farm is being squeezed.

The gentleman from Wisconsin was talking about that, that the Wisconsin farmers are having a difficult time, but so are the farmers in Maryland and New York and Massachusetts and all over this country.

We have to stop arguing bitterly with each other and make sure that we understand that the foundation upon the food source of this country is not corporate agriculture that will get out of it as soon as the profits are gone, but those who love the culture, those who love farming. That is the family farm.

So I would urge a no vote on the amendment, with all due respect to the people from the Midwest and Wisconsin, and let us get together as soon as we can this summer, with those who represent the small family farms from all across this country, and discuss this problem.

Mr. SANDERS. I move to strike the requisite number of words, Mr. Chairman.

I would like to pick up on some of the points the gentleman from Maryland (Mr. GILCHREST) made, because in

truth, this is a very sad debate. I will not forget several years ago when farm families from Wisconsin and Minnesota came to my office. They were here for some national meeting. They knew that I was concerned about the preservation of the family farm. I will not forget the women farmers weeping in my office as they fought desperately to keep their farms going in Wisconsin and in Minnesota.

The family farmers in Wisconsin and in Minnesota are being hurt, that is true, but I want the Members to understand that the farmers in Vermont are also being driven off the land. Some of the best people in our State who have worked year after year, they love the land, they want to produce a good, healthy product, they want their kids on the land, they are also being driven off the land.

It is a sad State of affairs that we have to fight against each other. We should be working together. We talk about the issue of preserving the family farm, as the gentleman from Maryland (Mr. GILCHREST) pointed out. This is an issue of food security. If anyone believes that it is a good thing for this country that thousands of farmers in Wisconsin, in Vermont, and all over this country who produce what we eat get driven off of the land, and that we are reduced to dependency on imports from abroad, or we are reduced to being dependent on a handful of large corporations to charge us any price they want, if people think that is a good idea, they are dead wrong. It is not a good idea.

As the gentleman from Maryland (Mr. GILCHREST) pointed out, preserving the family farm is not just about food, it is protecting our environment. Do we really want to see our open space in rural America converted into malls and parking lots? I do not think so. It is about preserving our rural economy and our way of life, in part.

The free market does some things very well, but it does not do everything very well. I think there should be a commitment to preserving the family farm all over this country.

As the gentleman from New York (Mr. SOLOMON) has pointed out and others have pointed out, there is a letter that has been circulated that has over 250 Members of the House in support of that. Let me just briefly quote some of the sections from that letter relevant to this debate.

I quote from the letter:

''Option 1(b) would further reduce the price of milk received by farmers in almost all regions of the country. It will be reducing local supplies of fresh, fluid milk, and increasing costs for consumers.''

I continue: ''According to USDA's own analysis, option 1(b) would reduce dairy farmer income. It will be accelerating the already disturbing trend of American dairy farms being forced out of business. Many of the farms affected will be small family farms.''

The point we are making here is that, as the gentleman from Maryland (Mr. GILCHREST) indicated, we need to come together to preserve dairy farms in the Northeast, in the Midwest, and in the West Coast. One of the things we have done in New England that people throughout the country are beginning to look at is the concept of the dairy compact.

If some people think we are going to be able to preserve family farms who are struggling too hard to exist through the market economy, when we can import cheap milk from Mexico or New Zealand, I beg to differ. I think it is appropriate to say that in our democratic society, for those of us who believe in dairy farming, in family farming, that it is appropriate for the government to intervene with the support of the people.

I would reiterate that in New England six States have come together, six State legislatures have come together, Democrat, Republican, Independents, in Maine; six Governors with different philosophical leanings have come together. This idea is spreading around the country.

□ 1415

I would hope that perhaps the Midwest might think of the idea of a compact. I think if it does end up costing the consumer a few cents more on the gallon, consumers all over this country know how important it is to preserve the family farm. I would love to work with my friends from Wisconsin in protecting the family farms in that region of the country as well.

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

Mr. SANDERS. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I do not disagree with a single thing that the gentleman has said. I would simply make the point that despite his best intentions, and mine, we are now operating under a set of laws which in essence, as far as trade is concerned, is a pretty good deal for grain farmers but is a disaster for dairy farmers, because Canada has not been required to live under the same rules that we are required to live under. And so we have been told, ''Sorry, boys, you're on your own.''

It just seems to me that if we in fact are going to be abandoning dairy farmers to the marketplace, then that marketplace——

The CHAIRMAN. The time of the gentleman from Vermont (Mr. SANDERS) has expired.

(On request of Mr. OBEY, and by unanimous consent, Mr. SANDERS was allowed to proceed for 1 additional minute.)

Mr. OBEY. Mr. Chairman, then it seems to me that that market ought to at least be a real market. Despite everything that has been said here today, no one can tell me yet why it is fair, why it is in the tradition of equal treatment under the law, for the law to require farmers in one section of the country, in Florida, for instance, to pay farmers $2 more or $3 more per hundred pounds of milk than they get in our region. That is just not fair.

Mr. SANDERS. Mr. Chairman, reclaiming my time, there are 250 signers to a letter in support of 1–A. There are 60 supporters in the Senate on the same concept. I urge a ''no'' vote on the Obey amendment.

Mr. GUTKNECHT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it has been said that if one appreciates law or good sausage, he should watch neither being made. And today maybe we ought to add cheese to that description, because this is really kind of an ugly display of region against region.

Several years ago we all cheered when the Berlin Wall came down. And not too long after that the flag over the Kremlin came down for the last time. And when it did, one of the business newspapers ran an editorial. I thought it was the Wall Street Journal, but it was not. They ran an editorial and the headline said, ''Markets are more powerful than armies.''

If we look at the Soviet experiment, for 70 years what they tried to do was hold back markets. What they found was it cannot be done. It will not work. And it is true of milk. It is true of our commodities.

The gentleman from Maryland (Mr. GILCHREST), I agreed with much of what he said. But let us just examine. He said what the dairy farmers, and what the farmers in his area or the farmers around the country today, what they are paying for a combine is enormously different from what they were paying 20 years ago. And what they receive for their commodities, whether it is corn or soybeans or wheat or milk or whatever they produce, is different today than it was 20 years ago.

In many respects, farming is a tougher business today than it has ever been. If we talk to our farmers, and I have as well, they will tell us that. What they will also tell us is that the price of corn is the same whether it is grown in Iowa or Minnesota or Vermont or anywhere else. We do not have different price for corn. We do not have different prices for soybeans. It is the same, whether it is grown in one area of the country or another.

The entire milk marketing order system is Byzantine. It is antimarket. It may have made some sense back in 1935, but it makes no sense today in the day of the interstate transportation network, in the day of advanced refrigeration so that the milk can be produced on a farm in Minnesota or Wisconsin one day and literally be in a bottling plant in Washington, D.C. the next.

Mr. Chairman, the whole idea of this one region against the other is anti-American. One of the reasons that the colonists came together and organized this country was so that we would not have States setting up barriers against

other States. The idea of a dairy compact is un-American.

It really is not just about dairy; it is about if we really care about free trade. We will probably have several debates here in the next several months about free trade and opening up markets, whether it is in Asia or the European Union. Many of us want to have fast track so that we can negotiate more trade agreements with our trading partners.

Would it not be great if we had fast track between Minnesota and Vermont so that dairy products could move back and forth across State borders? This whole concept is crazy.

Let me just finish with this. For people to stand on the House floor with a straight face and say that we must defend to the end this dairy policy, which incidentally has cost us 152,000 dairy farmers over the last 10 years. Let me say that again. The system we have today that many are up on the floor of the House today defending has cost us 152,000 dairy farmers. It is an abysmal failure. It is Byzantine. It is anti-American. It is what the colonies came together to fight against and it should be stopped.

One of the reasons we are so aggressive today in fighting the extension is because we have fought it so long. This fight has been going on for 60 years and now they are saying is all we want is another 6-month extension. We fear, and I think we have reason to fear, that then there will be another 6-month extension.

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

Mr. GUTKNECHT. I yield to the gentleman from Vermont.

Mr. SANDERS. Mr. Chairman, I appreciate the differences that we have in the Northeast Dairy Compact, but it is really not appropriate to call it un-American. In fact, it is the essence of what America is about.

Six States at the grassroots level, people came together and they went to their legislatures and they went to their governors and they came forward to do what they thought was best for the people in their own State.

So I understand the gentleman's differences, but he should not refer to it as un-American. It is democracy at work.

Mr. GUTKNECHT. Mr. Chairman, reclaiming my time, the commerce clause of the Constitution, and in fact we ought to have some debate within the Committee on the Judiciary, I think the gentleman from Illinois (Chairman HYDE) has a much different view of what this is all about. For States to come together and put up trade barriers around those States in my opinion, and I stick with my term, is un-American and it is unconstitutional in my view. But worse than that, it is bad economics. It makes no sense.

Let me close with this. Some may know that I am also an auctioneer. And this is one thing I understand about auctions. Markets are much more powerful than anything we can do. We can suspend the law of supply and demand only so long, but we cannot repeal it. Ultimately, the markets will prevail. They will prevail over the Northeast Dairy Compact and any other compacts that ultimately are created.

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

Mr. GUTKNECHT. I yield to the gentleman from New York.

Mr. MCHUGH. Mr. Chairman, I would be interested in the gentleman's description of the Northeast Dairy Compact that apparently leads him to believe——

The CHAIRMAN. The time of the gentleman from Minnesota (Mr. GUTKNECHT) has expired.

(On request of Mr. SOLOMON, and by unanimous consent, Mr. GUTKNECHT was allowed to proceed for 2 additional minutes.)

Mr. MCHUGH. Mr. Chairman, if the gentleman would continue to yield, I think this is an important question that creates some differences in this debate and it should be resolved. But I would be interested to hear what leads the gentleman to believe that the Northeast Dairy Compact as currently construed, number one, puts trade barriers that prohibits the importation of milk, whether it comes from his State or any other, into the region; and, number two, on its face apparently leads him to believe that it is unconstitutional, assuming that unconstitutionality is consistent with being un-American.

Mr. GUTKNECHT. Mr. Chairman, reclaiming my time, first of all let me say I am not a Supreme Court Justice. I only have one opinion. But in my opinion, any time that States come together to try and create trade barriers, and I might just yield back to the gentleman to ask what is the purpose of the dairy compact if it is not to keep out other dairy products from other parts of the country?

Mr. MCHUGH. Mr. Chairman, there it is absolutely no prohibition, implied or explicit, in this or any other compact that, by the way are constitutionally authorized, that prices the importation of product. What it affects is the price of that product paid by the developers and paid by the processing plants once the milk is there. It has nothing to do with the importation of the milk from the farm gate.

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

Mr. GUTKNECHT. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, the compact acts as a tariff barrier because processors have to pay the higher price to any farmer, whether that farmer lives in the New England region or not. That means if a Minnesota farmer or Wisconsin farmer can produce the product for less price, they have to add to their price before they can sell in that region. That is why it serves as a trade barrier.

Mr. MCHUGH. Mr. Chairman, if the gentleman would again yield, what the gentleman just said by his very words proves the points. He said it treats all producers equally. That is absolutely correct, and I appreciate the gentleman clarifying that for me, because I think there is a lot of misunderstanding here.

Mr. OBEY. Mr. Chairman, it requires one to ignore price.

Mr. LIVINGSTON. Mr. Chairman, I move to strike the requisite number of words.

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

Mr. LIVINGSTON. Mr. Chairman, a lot has been said about this ''Byzantine'' procedure, as described by my friend who preceded me. The fact is we are dealing with an arcane set of laws that go back to the 1930's. They may have had great wisdom and sense back then in a different age, and perhaps they have lost their rationale since all of that time has gone under the bridge.

The fact is, as I understand the original intent, Wisconsin was the center of the universe. Eau Claire was the primary designated place for the production and pricing of milk. And, for whatever reason back in those days, they decided that the farther we get away from Eau Claire, pronouncing it correctly this time, the more could be added on to the price of milk for transportation.

So obviously the objective was to get fresh and clean and safe milk in the hands of the consumers all over America. If the center of production was in Wisconsin, by the time it got to Florida the price of milk was substantially higher. By the time it got to New York, it was substantially higher. By the time it got to California, perhaps it was substantially higher.

That trend is represented in this particular chart, presented according to figures of the USDA. At any rate, there is no real consensus that can be drawn from this chart except to show that at Wisconsin begins the trend, and as we get farther and farther away, the prices through 1996 when the farm bill took place went up as we got away from Wisconsin.

So the farm bill came along and they said, look, make some sense out of this program. We in the Congress told the Secretary of Agriculture come up with a plan that simplifies it, that hopefully reforms the program, that moves towards the goals of a freer market. Come up with a plan that provides some continuity for the milk farmer.

Now, bear in mind, whether the dairy farmer is in Wisconsin or Minnesota or in New York or in Maryland or in Louisiana, where I used to have 500 dairy farms and now have about 370 because they were forced to go out of business, the dairy farmer is probably one of the hardest working people on earth. He gets up early in the morning; goes out to milk his cows; goes about the rest of his chores. By the end of the day, goes

out to milk his cows and goes to bed, because there is no time left in the rest of the day. And come hell or high water, rain or storm, freezing or heat, he has got to milk those cows. His family chips in, his wife, his children. And they participate in trying to make a living, a very meager living, whether it is in Wisconsin or otherwise.

In Wisconsin and Minnesota, 80 percent of what they produce goes to hard products which is not fluid milk, butter fat or to powdered milk or cheese. But this argument is about fluid milk. Wisconsin and Minnesota only put less than 20 percent of their product in fluid milk.

But these are farmers in New York and Maryland and the Southeast and Louisiana. Most of their product goes to fluid milk. They are getting squeezed. They are getting squeezed to the point that they cannot meet the costs of production and they are getting thrown out of office, or rather thrown out of work. Excuse me. That is us that get thrown out of office. They get thrown out of work. They lose their farms. We can find another job, but they can only find one farm.

So, the Secretary of Agriculture was given the responsibility of coming up with a plan that would simplify this procedure. Well, according to the milk marketing order reform proposed rule, again the USDA's own figures, this is an analysis of the option 1–B plan that Secretary Glickman was coming up with.

□ 1430

In case Members want to find waves and continuity here, I do not think they will be able to do it. Numbers all over the lot.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. LIVINGSTON) has expired.

(By unanimous consent, Mr. LIVINGSTON was allowed to proceed for 2 additional minutes.)

Mr. LIVINGSTON. Mr. Chairman, that looks to me to be one of the most complex charts available known to man. That is supposed to simplify the situation. In effect, what it does is create a situation described by my friend from New York in his chart. The only people that survive under Secretary Glickman's proposal are the people in Minnesota and Wisconsin. Everybody else loses money and ultimately goes out of business.

If you have the 1–A section, it is somewhat more simple than this, but at least there is reform. What we propose here and what the gentleman from Wisconsin proposes to strike is language which does not say that this (option 1–B) is impossible, although it looks impossible to me. It does not say that 1–A is impossible. It does not say that dairy compacts in the Northeast or the Southwest or anywhere else are automatic.

It simply puts a moratorium on it from April 4 to October 1 of 1999 so that any rule that the Secretary of Agriculture comes up with can be reviewed by Congress and, yes, can be reviewed by the State legislatures in order to determine that if it is too dictatorial. And if it does not make sense like this, it can be reversed legislatively and we can go back to a plan that makes sense. Is that too much to ask?

Evidently it is, because my friend from Wisconsin has offered up a motion that would strike this provision, strike this simple one-case-serves-all moratorium, prevent an illogical plan from being put into place for 6 months, put a hold on existing law until we can study it a little bit further. I do not think that is well taken.

For that reason, I urge the rejection of the motion by the gentleman from Wisconsin, rejection of this amendment, maintenance of the status quo for 6 simple months.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. LIVINGSTON) has again expired.

(On request of Mr. OBEY , and by unanimous consent, Mr. LIVINGSTON was allowed to proceed for 1 additional minute.)

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

Mr. LIVINGSTON. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, let me simply put that chart in context. That chart represents as far as the Secretary is allowed to go under the law in simplifying milk marketing orders. What we wanted to do in our region legislatively, and we were denied that opportunity by the House leadership, we wanted to create a situation under which, under the Gunderson amendment, the colors on that entire map would be the same because there would be only one milk marketing order. You are attacking us for the limits which you yourself have imposed on the agreement. That is the fallaciousness of the argument.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. LIVINGSTON) has again expired.

(By unanimous consent, Mr. LIVINGSTON was allowed to proceed for 1 additional minute.)

Mr. LIVINGSTON. Mr. Chairman, the chart depicts 1–B that Secretary Glickman intended to move us toward. This chart, which I withheld for no particular reason except that I do not understand it either, but it is a heck of a lot easier than the other one, this is 1–A. It looks better.

Mr. OBEY. Mr. Chairman, if the gentleman will continue to yield, the gentleman needs to understand that within both options there are variations within the State which neither of those charts demonstrate. The existing system is far worse than you show on either one of those charts.

Mr. LIVINGSTON. I would suggest that before we leap into the fire from the frying pan, let us maintain the existing system, keep it simple and come up with a better plan than option 1–B.

Mr. PETERSON of Minnesota. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was not going to speak, but I just think it needs to be pointed out that a lot of this debate is centered on something that really is not at the heart of the problem. Everything we are talking about here today basically has to do with fluid milk.

Fluid milk is only 40 percent of the milk that is produced and consumed in this country. So this debate really does not get at the heart of the problem that we have with dairy. I think it just needs to be pointed out.

Up in the Northeast where they have the compact, as I understand it, 60 percent of the milk up there goes into fluid and 40 percent goes into manufacturing. And I further understand that they are right now taking comments up in the Northeast Compact to talk about exporting their excess milk that has been created by this compact because it is hurting the premiums that they are getting for their manufactured milk. That points out the whole fallacy of this whole situation, where we are trying to somehow or another legislate dairy policy by impacting fluid milk.

I think the gentleman from Minnesota (Mr. GUTKNECHT) made a good point when he said that we cannot really repeal economics.

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

Mr. PETERSON of Minnesota. I yield to the gentleman from New York.

Mr. MCHUGH. Mr. Chairman, the point the gentleman just made about exporting in the Northeast, I am assuming he is speaking of the entire Northeast dairy production region. I have heard this mentioned before. I would be interested where the statistics are that show that the Northeast region is a producer of surplus. I have heard that several times and, quite honestly, as someone who has been involved in dairy policy at the State and Federal level for 20 years, I have never seen it.

Mr. PETERSON of Minnesota. I said manufacturing milk that goes into cheese and powder and manufacturing purposes. One of the reasons that we have a problem with the compact and why we are into this 1–A, 1–B debate is that in Minnesota, 86 percent of our milk goes into manufacturing. Only 14 percent goes into fluid. A compact does not help us. We do not have enough fluid milk to make any difference in material effect for our farmers.

The Northeast Compact, if you took Boston out of the Northeast Compact, it would not work. The only reason it works is you have jacked up the price in Boston where you have a big market, and you are shipping the money out to Vermont. And it works because you have got a way that you can artificially set this price.

The only thing that I am saying about this, what we are concerned about is, if you artificially jack up the

price of fluid milk over and above the class 1 differentials, which you are doing with these compacts, what you are going to do is you are going to invariably create more milk that is going to have to go into manufacturing. What that does in the end is, it reduces the prices in Minnesota and in Wisconsin.

That is why we are concerned about this. If you would keep all of your milk up there in the Northeast and if you would not impact the rest of our market, we would not care what you did. The problem is that you are right now taking comments in the Northeast to figure out how to get that extra milk that would go into manufacturing, that is lowering your manufacturing prices into other parts of the country, and that is why we have a concern about it.

I just wanted Members to understand that to have a debate about fluid milk misses the whole point. The problem in this country is the way we price manufacturing milk. We have not had a debate about that up to this point.

Mr. McHUGH. Mr. Chairman, if the gentleman will continue to yield, I do not disagree with everything the gentleman said, particularly the very, I think, succinct point that this debate does not get to the heart of the challenges facing dairy policy in this country across the board. The gentleman, my friend, and I have had discussions about this. I know that his heart is in the same place mine is, and that is trying to do something that affects the benefit of every dairy farmer.

But a couple of points of clarification. First of all, I want the gentleman to understand that when he says ''you in the Northeast,'' New York State that I represent is not in the dairy compact. Darn it. I wish we were, but that is another story.

The second is, traditionally, currently New York State, and it is not just the gentleman's comments that caught my ear but others have said today, the Northeast is a deficit region, has been, is now and is likely to be. He speaks about his concerns of the future. If I could tell the future, I would be at OTB right now. The gentleman may join me.

The fact of the matter is, we can paint any kind of terrorist scenario. The reality is that the compact has not been the force that has produced excess milk. The Northeast is still a deficit region. And honestly, I do not see when you are creating a compact where you can take the largest municipality out of it and say, ''if that were not there.'' It is there. And as much as I love the Yankees over the Red Sox, I hope Boston is going to be there for a long time.

I thank the gentleman for yielding.

Ms. KAPTUR. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to support the Obey motion to strike this language. I came to the floor with a somewhat open mind, not having been active on this particular provision, but being concerned about it, as we moved through the appropriations process. I underline ''appropriations process.''

I think about some of the other authorizing language on this appropriations bill and how we have arrived at that language. For example, when the gentleman from Washington (Mr. NETHERCUTT) brought up the proposal that is now incorporated in the bill that dealt with lifting agriculture from the sanctions mandate in Pakistan, there was give-and-take on the committee. Members did not agree, but ultimately, by the time we got to the floor, we were able to work out our concerns on that authorizing language on this bill.

The same is true with the civil rights provisions in this bill. We technically should not have those provisions in this bill. We recognized a national need. There were differences of opinion. We had problems finding the money, shifting accounts, but we did it together on a bipartisan basis.

What is troubling to me, in a bill that is very, very broadly acceptable in this Chamber, is we now have a provision that was incorporated as authorizing language dealing with a very, very important subject where thousands and thousands and thousands of livelihoods are at stake. And a Member like myself, who comes from the State of Ohio, where many of our dairy farmers have already been wiped out, so in a sense we are more neutral than other places because we are not as impacted directly as some of the others that are still struggling in their regions, but what troubles me is, when I see charts by our chairman of the full committee, the gentleman from Louisiana (Mr. LIVINGSTON), who has some piece of the truth, and someone else has a piece of the dream over here from Wisconsin and maybe another one from Massachusetts, that we are really not doing our best legislatively to present a bill here that has accommodated the differences in bringing it to the floor.

So though I like some of what I hear in the way that the compact works to the advantage to preserve farming in the northeastern part of the country, this is really, thus far, the only part of the bill that has come before us here where there is this kind of major disagreement. It makes me concerned about the manner in which this particular provision was put into this appropriations bill. That is not how we work.

We had a couple amendments offered in the committee at the subcommittee level. But truly, we did not have the working relationship that we did on the other issues. I just wanted to put that on the record because it is too important to ignore.

Frankly, it should come through the authorizing committee, not the Committee on Appropriations, because this thing is extremely complicated and delicate. And no matter what we do, if we are not careful here, somebody, lots of somebodies are going to be hurt, whether it is directly farm families, whether it is consumers. And I guess I feel, as ranking member on this subcommittee, extremely uncomfortable that we could not have handled this particular measure in the same way as we did the other authorizing language that has been put on our bill where differences were worked out.

This is extremely controversial. And because of it, because I am sensing that a major set of interests around our country feel that they have not been properly accommodated, I will support the Obey amendment.

I would beg of the chairman of the full committee, in view of what he has said here, and the chairman of the Committee on Rules, to exercise their will in the same way as was done on some of the other issues that are in this bill, because no part of this country, no set of working people, no farmers, no consumers should be harmed by what we do here.

I have grave doubts as I have listened. And therefore, I will support the Obey amendment.

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

Ms. KAPTUR. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Chairman, let me say to the gentlewoman from Ohio, for whom I have the greatest respect, as she knows, she and I have worked on many issues together, this is a part of a compromise. If we go back to the grain sales that were involved with India and Pakistan, we worked out a compromise when we came to the floor.

The CHAIRMAN. The time of the gentlewoman from Ohio (Ms. KAPTUR) has expired.

(On request of Mr. SOLOMON, and by unanimous consent, Ms. KAPTUR was allowed to proceed for 1 additional minute.)

□ 1445

Mr. SOLOMON. When it came to the disadvantaged farmers, we worked with the administration. The administration wanted the monies paid for out of school lunches. We objected to that. So we worked out a compromise. We brought it to this floor. Everybody was satisfied.

On this issue, the chairman of the Committee on Agriculture stood his ground and worked with everybody to try to get a compromise that we could live with by delaying this for 6 months, giving us the ability for the authorizers to act, the appropriators next year to act. That was all a part of a compromise, I say to the gentlewoman from Ohio. That is really why we are here.

We could have gone about it the other way and been one-way about it. That was not the right way to do it. We were all trying to work together, and we did.

Ms. KAPTUR. Mr. Chairman, I thank the gentleman for that statement, but it appears by this 2 hours of debate now that certain people must not have been

talked to, and we should not have been presenting a bill like this which has such a controversial provision in it.

I would hope that, in listening to what has happened here, that perhaps some of these other interests could be accommodated and listened to down the road. But this is atypical of the rest of the bill.

Mr. KIND. Mr. Chairman, I move to strike the requisite number of words.

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

PARLIAMENTARY INQUIRY

Mr. SOLOMON. Parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. SOLOMON. Mr. Chairman, did the gentleman not speak?

The CHAIRMAN. The gentleman from Wisconsin has not been recognized on his own time.

The gentleman from Wisconsin (Mr. KIND) is recognized for 5 minutes.

Mr. KIND. Mr. Chairman, I want to associate myself with the remarks of the gentlewoman of Ohio. I do not think there was a meeting of the minds as far as the compromise that is being discussed right now on the House floor; otherwise, we would not be having this debate for over 2 hours.

I appreciate what the chairman of the Committee on Agriculture was attempting to do. I also appreciate the comments of the gentleman from Maryland (Mr. GILCHREST) about this is not the proper place to have the debate. If not now, when?

Of course we need to have this debate. We need to have this discussion in front of the American people because this is very serious legislation that we are talking about.

I am deeply troubled by the fact that this authorizing language is coming into the appropriations bill. This is something that, again, all the regions of the country and the representatives and the interests that are being affected by this legislation should come together at the same table and try to hammer out one coherent national dairy policy.

That is not what is being done. Instead, we are going to go back to this old antiquated Federal order system that pits region against region. We are going to perpetuate that who knows when. There is a 6-month extension right now, but who knows what is going to come when that 6 months is concluded. This is an opportunity for us really to come together.

I think we can all stipulate that farming and being a dairy family is a very noble, very honorable occupation. All of us could stand on the House floor and tell story after story of the plight of dairy farmers throughout the country. There is no question about it. But what this really comes down to is a question of fundamental fairness.

Just a little history. Sixty years ago, back in 1935 when the old order system was established, there were some supply problems in various parts of the region. In order to encourage getting the production of dairy products to those regions, this Federal order system was established.

Anyone who has had a business understands that not only do we need to produce the product, but we have to get that product to market. Perhaps 60 years ago there was difficulty in doing that, but the circumstances have changed. The market has changed.

As my friend from Minnesota (Mr. GUTKNECHT) pointed out, we have got an interstate highway system right now, refrigeration means, in order to transport fluid milk around the country. That is not the problem.

What we need to do right now is be thinking forward on this issue, thinking creatively on how we are going to be able to avert a crisis that is impending in the dairy industry, not region against region but internationally. Because other dairy industries in other countries are now starting to position themselves to start taking advantage of market opportunities as they open up overseas.

We are still having the 60-year-old debate today talking about removing the trade barriers within our own borders. What we should be talking about is how do we position the dairy farmers today in order to compete tomorrow in the international market. Until we are able to get to that issue, we are going to leave our dairy farmers at a distinct disadvantage starting early next century.

By this prop-up price differential system that we have right now, that discriminates against producers the closer they are to a city in my district, Eau Claire, Wisconsin, what we are going to end up doing is encouraging inefficient dairy operations to continue to exist, and we are going to encourage other operations outside our borders to start moving their product into the United States at an unfair competitive advantage to our dairy farmers because of this old system that we refuse to come to grips with. That is the discussion that we really should be having today.

Everyone is going to stand up and defend their interests and their regions, and good representatives, they will do that. I never thought I would be on the House floor hearing my good friend, the gentleman from New York (Mr. SOLOMON), associate himself with the liberal economic interests in the upper Northeast, but that is in fact what he did today.

We need to be thinking more creatively than what we are doing right now. This discussion should go on. This debate should go on. But so should the process that was put in place just a couple of short years ago under the Freedom to Farm bill where the Department of Agriculture was given the authority to take a look at the Federal order system and to come up with some options of where we go from here.

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

Mr. KIND. I am happy to yield to the gentleman from Maryland.

Mr. GILCHREST. Mr. Chairman, I would just like to ask a question. Can we treat an industry like agriculture or the dairy industry in the same way we treat an industry such as General Motors, Westinghouse, Wal-Mart, in the same frame of understanding as we refer to as a free market system? Can we treat both those industries the same?

Mr. KIND. Mr. Chairman, reclaiming my time, I think we can. I think we have to. I mean, really, is there any philosophical difference between the dairy family who wakes up in the morning to go milk the cows as compared to the family on Main Street with a small business trying to make that business survive and be very competitive in an international market that they are expected to be able to compete in? That is really what it comes down to. It comes down to basic economic principles.

Mr. GILCHREST. Mr. Chairman, will the gentleman continue to yield?

Mr. KIND. Sure. I am happy to yield to the gentleman from Maryland.

Mr. GILCHREST. Is it the same? Wal-Mart or General Motors can operate if they have 11 or 15 or 20 days of rain, but if you have 11 or 15 or 20 days of rain during the haying season, you lose a large crop, or you cannot plant our corn.

Mr. OBERSTAR. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time because I have just spent a good part of the past weekend in dairy country in east central Minnesota in my district talking with dairy farmers who were beginning to have some hope that their lot might be improved, that the Department of Agriculture is moving along in its study, as directed by the Congress, to complete the analysis of the milk marketing orders. USDA might come up with some proposal that would establish fairness and fair treatment for these true family dairy farmers who average 50 cows, like the gentleman from Wisconsin mentioned a moment ago, a few that have 100 milking cows.

In the course of that discussion, I recalled a study completed about a year ago by the University of Minnesota Ag Extension Service which documented that there were more dairy cows and more dairy farmers 2 years before Minnesota became a State than there are today in that region of Minnesota, thanks to the whole herd buyout program and thanks in part to the Freedom to Fail at Farming Act of 1996. They are fed up with it.

There are some tragedies out there in rural America. I listened painfully to Harold Eklund, whom I consider one of the best dairy farmers I have ever known, runs the farm himself, has a few hired hands, tell the tragedy of a neighbor who had some health problems—a dairy farmer—the milk check

is not big enough to pay the bills. He came home from the hospital, went out to the shed, put some blasting caps on his body, set them off, and blew the top half of his body off.

He is a victim, too, of this policy that favors one region of the country over another, a failed policy that looked good and was good at the time that it was implemented in the 1930s, but today has gone way out of control.

That milk marketing order policy says that the farther away you farm from Eau Claire, Wisconsin, the more you get for your milk. If you really believe in freedom to farm, then let us abolish the milk marketing orders, let us remove the domestic barriers to trade as we did with foreign trade in NAFTA, as we did in trade with Canada. Let us remove the barriers among the States and let the Minnesota—Wisconsin milkshed farmers sell their milk wherever they can, as far away as they can. Let us see how well they compete with those 5,000 cow farms in the southeastern United States, in the southwestern United States, in the desert area where God never intended farming to happen or He would have made it rain there.

Let us not artificially impede the Department of Agriculture from proceeding with the rulemaking that is on track, on milk marketing orders, and which, hopefully, may provide some opportunity, some encouragement for not only the older, established farmers but also for the younger ones who are working their way into farming, who want a future in farming, who are the heart and soul and fiber and fabric of rural America and small town America. Let us vote for the Obey amendment.

Mr. SENSENBRENNER. Mr. Chairman, I rise today in opposition to the dairy provision in this bill which delays the implementation of the federal milk marketing order reforms and perpetuates the Northeast Interstate Dairy Compact.

I believe that the current federal milk marketing program is the most egregious and unfair aspect of federal dairy policy. The current federal milk marketing orders were created in the 1930s and were designed to ensure that all regions of the country were adequately supplied with fresh milk. This is obviously not the 1930s and fresh milk is available nationwide. Federal orders need to change to reflect the numerous changes that have taken place through technological advances at every level of dairying—from production to processing; distribution to transportation.

When Congress wrote the 1996 Farm Bill, we look at the rapidly changing agricultural landscape and realized that the old practices of government intervention were no longer working and mandated the USDA reform the program. With the 1996 Farm bill we set a course for greater market orientation in dairy policy, including the phaseout of the dairy price support system. The process for reform is underway. Secretary Glickman has indicated his support of steps toward a more market-oriented milk pricing system. We should not rescind our commitment to reform the federal dairy program by delaying the implementation of this much-needed reform.

Furthermore, the existence of the Northeast Interstate Dairy Compact is a completely discriminatory aspect of the current federal dairy policy. Last year I introduced legislation, H.R. 438, to rescind the consent of Congress to the Northeast Interstate Dairy Compact. To date, there are twenty-six cosponsors. I oppose such compacts because they run counter to the intent and spirit of the U.S. Constitution for free trade between the states. The legal authority for the Northeast Dairy compact was never considered by the House of Representatives but was slipped into the conference report to the 1996 Federal Agriculture Improvement Act, even after failing in the Senate. This is one of the main reasons I voted against this conference report. Nonetheless, one of the conditions of the existing law is that the Northeast Interstate Dairy Compact would terminate concurrent with the Secretary of Agriculture's implementation of the federal milk marketing order consolidation and reforms, currently set at no latter than April 4, 1999. Any simple extension of this implementation date would also prolong the existing Northeast Interstate Dairy Compact.

The Compact is detrimental to consumers because the higher milk prices paid to farmers under the compact have been passed on to milk purchasers at the retail level. The Compact is also reducing milk consumption in the region while milk production in New England is increasing, raising the specter of a return to the days of dairy purchases at taxpayer expense. Let the Northeast Interstate Dairy Compact sunset.

I will support the amendments to be offered today by my colleagues Mr. OBEY and Mr. PETRI to remove the provision which delays dairy reforms and perpetuates the anti-competitive dairy pricing cartel, known as the Northeast Interstate Dairy Compact.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. OBEY).

The amendment was rejected.

AMENDMENT NO. 8 OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Mr. PETRI:

At the end of section 736 (page 68, line 2), add the following new sentence: ''Notwithstanding section 147(3) of the Agricultural Market Transition Act (7 U.S.C. 7256(3)), congressional consent for the Northeast Interstate Dairy Compact shall terminate on April 4, 1999.

Mr. SOLOMON. Mr. Chairman, I reserve a point of order on the Petri amendment.

Mr. PETRI. Mr. Chairman, this amendment removes a provision in the bill that extends the Northeast Dairy Compact for 6 months. The amendment thus takes us back to current law and allows the compact to sunset as originally intended on April 4 of next year.

This compact, as we know from the legislative history, was inserted in the 1996 farm bill in conference and has never been reviewed by the Committee on the Judiciary or stood for a vote on the floor of the House.

This unprecedented use of the interstate compact provisions of the U.S. Constitution should not be extended, at least without careful review by the Committee on the Judiciary; but even with such review, in my opinion, should not be extended.

The compact established a cartel to raise milk prices in New England, and it has done so. Retail fluid milk prices were raised about 8 percent in Boston. Guess what? Farmers have raised production by three times the national average in Vermont, consumers have lowered their consumption, and mounting surpluses are being turned into milk powder and sold to the U.S. Department of Agriculture.

Calculated properly, the cost of these surplus purchases is actually more than the farmers gained from higher prices. If the farmers actually pay these costs as they are supposed to under the terms of the compact, even they will be net losers from this price-fixing scheme.

If, through some kind of political manipulation, they do not pay for the surplus, the taxpayers will get stuck with the bill. Meanwhile, the existence of this surplus depresses manufactured milk prices and ultimately all milk prices in the rest of the United States.

Seventy years of experience in the Soviet Union should have taught the world that this kind of central planning and market manipulation is doomed to failure. It must be allowed to sunset as intended.

This amendment is supported by over 400 organizations spanning the complete political spectrum, including the National Taxpayers Union, Public Voice for Food and Health Policy, Citizens Against Government Waste, Consumer Alert, the International Dairy Foods Association, Farmers Union Milk Marketing Cooperative, the Milk Industry Foundation, the Competitive Enterprise Institute, Foremost Farms USA Cooperative, Citizens for a Sound Economy, and many, many others.

I urge all of my colleagues to vote for sensible market-oriented policy and to remove an onerous special milk tax from poor consumers by supporting this amendment.

POINT OF ORDER

Mr. SOLOMON. Mr. Chairman, I will not bother to get into a debate. We have already debated my good friend and classmate's amendment, so I will not get into that now.

But I would make a point of order at this time against the amendment because it proposes to change existing law and constitutes legislation in an appropriation bill and, therefore, violates clause 2 of rule XXI. The rules states, in pertinent part, ''no amendment to a general appropriation bill shall be in order if changing existing law.'' This amendment does, and I press my point of order.

The CHAIRMAN. Does the gentleman from Wisconsin (Mr. PETRI) wish to be heard on the point of order?

Mr. PETRI. Mr. Chairman, I certainly do.

Mr. Chairman, the bill before us is legislating on an appropriation bill and

changes existing law. My amendment would not change existing law. It would change the bill before us to protect and maintain existing law, and, therefore, I feel that it is certainly in order. The only reason that this is necessary is that legislating on appropriations was protected by the rule of my friend and colleague, the gentleman from New York (Mr. SOLOMON), chairman of the Committee on Rules.

Mr. OBEY. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The gentleman from Wisconsin may be heard on the point of order.

Mr. OBEY. Mr. Chairman, I would simply like to make the following point. I understand the gentleman from New York is objecting to the amendment being offered by the gentleman from Wisconsin (Mr. PETRI) under clause 2 of rule XXI, which prohibits legislation on an appropriation bill.

□ 1500

I would point out that that is exactly what the bill itself does. If the Committee on Rules had not pushed through a special rule, I would have been able to lodge exactly the same point of order against the underlying bill that the gentleman is now lodging against the gentleman from Wisconsin for his amendment. It seems to me highly unfair to use the rules in one place to enforce the status quo and to use the rules in another place to attack the status quo. It would seem to me that if the chairman of the Committee on Rules, who himself reported out the rule under which I was precluded from offering my amendment, is going to support a rule like that, he would, in the interest of fairness, owe it to the gentleman from Wisconsin to allow the same principle to be applied to his amendment.

Mr. SOLOMON. I am just trying to live up to our agreements.

I press my point of order, Mr. Chairman.

The CHAIRMAN. The Chair is prepared to rule.

The amendment offered by the gentleman from Wisconsin (Mr. PETRI) explicitly supersedes a provision of the Agricultural Market Transition Act. As such, it constitutes legislation in violation of clause 2(c) of rule XXI. The amendment adds legislation to the bill, and is not merely perfecting. The waiver in House Resolution 482 only covers provisions in the bill. The point of order is sustained.

The Clerk will read.

The Clerk read as follows:

SEC. 737. Section 102(b)(2)(D) of the Arms Export Control Act (22 U.S.C. 2799aa–1(b)(2)(D)) is amended—

(a) in clause (i) by striking ''or'' at the end;

(b) in clause (ii) by striking the period at the end and inserting '', or''; and

(c) by inserting after clause (ii) the following:

''(iii) to any credit, credit guarantee, or other financial assistance provided by the Department of Agriculture for the purchase or other provision of food or other agricultural commodities.''.

(d) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply to any credit, credit guarantee, or other financial assistance provided by the Department of Agriculture before, on, or after the date of enactment of this Act through September 30, 1999.

SEC. 738. Whenever the Secretary of Agriculture announces the basic formula price for milk for purposes of Federal milk marketing orders issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, the Secretary shall include in the announcement an estimate, stated on a per hundredweight basis, of the costs incurred by milk producers, including transportation and marketing costs, to produce milk in the different regions of the United States.

AMENDMENT NO. 1 OFFERED BY MR. BEREUTER

Mr. BEREUTER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. BEREUTER:

At the end of the title relating to ''GENERAL PROVISIONS'', insert the following new section:

SEC. . Section 538(f) of the Housing Act of 1949 (42 U.S.C. 1490p–2(f)) is amended by adding after and below paragraph (5) the following:

''The Secretary may not deny a guarantee under this section on the basis that the interest on the loan, or on an obligation supporting the loan, for which the guarantee is sought is exempt from inclusion in gross income for purposes of chapter 1 of the Internal Revenue Code of 1986.''.

Mr. BEREUTER. Mr. Chairman, I rise today to request approval of this floor amendment and that it be accepted by the Agriculture appropriations subcommittee. It would allow tax-exempt financing to be used in conjunction with the Section 538 housing program of the USDA. The floor amendment is necessary because of an unfortunate OMB ruling whereby tax-exempt financing could not be used in conjunction with the Section 538 housing program of the USDA Rural Housing Service. It is supported by the USDA.

I am prepared and, in fact, do give arguments for it and, in fact, arguments against the decision by OMB. But I understand that the Agriculture appropriations subcommittee chairman and ranking member have seen it.

While, this Member believes that the OMB ruling was an incorrect decision, as will be explained, without the change offered in this Member's amendment, the future success of the Section 538 program and as a result the future of rural housing will be harmed.

This Member introduced the Section 538 Multi-family Loan Guarantee Program legislation which was passed into law as a two-year demonstration project in 1996. The Section 538 legislation was introduced to ensure that the housing needs of rural families could be adequately met by the creation of additional rental units in rural areas (cities with population of 20,000 or less). Under the Section 538 program, a Federal guarantee is provided for loans made to eligible for profit or nonprofit applicants by private lenders.

The single biggest reason why the Section 538 program is such an important and needed innovation in rural housing is due to its privatization focus. In the Section 538 program, the USDA guarantees the loan for these multifamily housing projects. As a result, the U.S. Government is not directly lending the money to the borrower, instead private lenders in the free market serve borrowers with the full faith and credit of the U.S. Government standing behind the loans. Guaranteed loan programs can save the Federal Government an enormous amount of money and at the same time allow the free market to construct affordable housing for rural residents.

The Floor amendment that this Member is offering today, which would allow tax exempt bonds to be used in conjunction with the Section 538 program, is imperative for the two following reasons:

1. First, tax exempt bonds decrease the cost of borrowing money which is essential to keep the rents affordable for low and moderate income persons.

2. Second, lenders are more likely to lend money if tax exempt financing is involved. This is because lenders finance these loans in many different ways, but one very attractive means for such financing is for the lender to sell tax exempt bonds on the secondary market. Since bonds have a higher demand in the secondary market if they are tax exempt, this increased demand in turn results in more money for financial institutions to lend to individuals who want to build multifamily units.

The Section 538 program was deemed a worthy project by the U.S. Congress in 1996 when it was enacted into law as a two-year demonstration project in 1997. Since its enactment, the Section 538 program in 1997 has guaranteed $28.1 million for 16 loans in 12 states to build a total of 813 new rental units. (These statistics are provided by the USDA). The success of the Section 538 program has been recognized by the House Appropriations Committee as the bill before us today provides $125 million in funding for the Section 538 program for fiscal year 1999.

The Section 538 program has come too far to have the foundation of the rural affordable housing progam washed away through a tax exempt financing ruling by an anonymous person in the Office of Management and Budget. Tax exempt bonds are essential to the success of this program. This program deserves an opportunity to thrive and give rural residents affordable, and adquate housing, and that is what the amendment this Member is offering today will ensure—an even more successful Section 538 program that can work in conjunction with tax exempt bonds.

In closing, Mr. Chairman, according to the most recent census data, 2.7 million rural families continue to live in substandard housing. The Section 538 program, by utilizing the private market, and if used in conjunction with tax exempt bonds as allowed by this Member's amendment will do much toward reducing the number of rural families living in substandard housing. Therefore, this Member encourages his colleagues to vote for this Member's Floor amendment, which will allow the use of tax exempt bonds in conjunction with the Section 538 program.

QUESTIONS ON CBO ANALYSIS ON TAX EXEMPT BOND ISSUE:

While the Member is pleased to answer any questions from his colleagues regarding this

amendment, there is one question that this Member needs to respond to directly—that of the Congressional Budget Office (CBO) cost assessment on the issue of tax exempt financing. This Member believes that the CBO cost assessment over a five-year period (i.e., $14 million) is grossly incorrect as there should be either no cost or a very minimal cost to the use of tax exempt financing in conjunction with the Section 538 program. The four following reasons support this analysis:

1. First, when CBO conducted theire calculations, they used a questionable $150 million amount for the yearly funding for the Section 538 program as a beginning point. The $150 million amount was the amount requested by the USDA to the House and Senate Appropriations Committees for Section 538 funding. However, the House Appropriations Committee, in the bill before us today, provides $125 million in funding while the Senate Appropriations Committee provides $75 million in funding for the Section 538 program. Using the House and Senate funding amounts, a more reasonable assumption could be made that a conference compromise in the amount of $100 million in funding for the Section 538 program will result. The $100 million figure would have been more suitable to use as a basis point for a calculation as compared to the $150 million dollar figure that CBO used. It has been estimated that this flaw in the CBO calculation would reduce the CBO estimate by one-third (Note: The calcuilation correction fact of ''one-third'' is provided by the Council for Rural and Afforadable Housing.)

2. Secondly, the initial CBO assumption that this provision would leverage new investment financial by additional tax exempt debt is in question. CBO used the assumption that 50% of the bonds used in this program will be tax exempt. This Member believes that this percentage is far too high. This Member is not aware of any USDA program that has come anywhere close to this 50 percent tax exempt bond usage rate. For example, during the first pilot program under Section 538 OMB initially permitted tax exempt bonds to be used, only two out of 50 proposals involved tax exempt financing and both of these two were selected among the 10 successful applicants. Based on this information, this Member believes that 25% is a more suitable percentage for a tax exempt bond usage rate. In fact, this 25% figure was suggested by the USDA. This Member estimates that the use of the 25% estimate for tax exempt bond usage would reduce the CBO analysis by another one-third (Note: The calculation correction factor of this additional ''one-third'' is provided by the Council for Rural and Affordable Housing.)

3. Third, the full use of state volume caps by CBO in its calculation is in question as CBO refuses to reveal the volume cap model it used. Without such information from CBO, it is simply impossible for this Member to determine whether CBO in fact used these volume caps adequately.

4. Finally, CBO's calculation is questionable in that it progressively increases revenue loss by $1 million for each year of the five scored years culminating in a $5 million score for the year 2003. Due to the speculative nature of this scoring, especially with the volume cap questions, this Member believes that CBO scoring gets more and more questionable throughout the five-year scoring period.

In conclusion, Mr. Chairman, this Member believes that the above reasons will substantially reduce if not eliminate the C.B.O. scoring of this tax exempt bond usage for the Section 538 program as a revenue loss. Therefore, this Member would again encourage his colleagues to vote for the Floor amendment which would allow tax exempt bonds to be used with the Section 538 program. If anyone has any further questions, I will be more than pleased to answer them.

Mr. Chairman, I yield to the gentleman from New Mexico if he has any comments to make at this point.

Mr. SKEEN. I thank the gentleman for yielding.

Mr. Chairman, the gentleman has been a strong supporter of rural housing programs. He deserves great credit for his work on the new Section 538 program. The USDA advises us that they would like this provision in the bill and we are prepared to accept it on our side.

Mr. BEREUTER. I thank the gentleman very much.

Mr. Chairman, I yield to the gentlewoman from Ohio (Ms. KAPTUR), the ranking member of the appropriations subcommittee.

Ms. KAPTUR. I thank the gentleman for yielding.

Mr. Chairman, we have no objections to this section and it is acceptable to us.

Mr. BEREUTER. I thank the distinguished gentlewoman from Ohio.

Mr. Chairman, I have had good support, extraordinary support, as a matter of fact, from the Agricultural appropriations subcommittee on trying to move ahead with single-family and multi-unit housing. I appreciate that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska (Mr. BEREUTER).

The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MR. DOOLEY OF CALIFORNIA

Mr. DOOLEY of California. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. DOOLEY of California:

Add after the final section the following new section:

SEC. ____. The amounts otherwise provided by this Act are revised by reducing the amount made available for the Department of Agriculture for special grants for agricultural research under the heading ''RESEARCH AND EDUCATION ACTIVITIES-COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE'' and providing an additional amount for the Department of Agriculture (consisting of $49,273,000 for section 401 of the Agricultural Research, Extension, and Education Act of 1998 notwithstanding section 730), both in the amount of $49,273,000.

Mr. SKEEN. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 20 minutes, and that the time be equally divided.

The CHAIRMAN. Without objection, the gentleman from California (Mr. DOOLEY) and the gentleman from New Mexico (Mr. SKEEN) each will control 10 minutes.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. DOOLEY).

Mr. DOOLEY of California. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this morning the President signed into law the Agricultural Research, Extension and Education Reform Act, which was passed by the House earlier this month by a vote of 364–50. This was an exciting event for myself and my colleagues on the Committee on Agriculture who have worked for over a year to develop a comprehensive agricultural research system. One of the most important provisions of this new law is the initiative for Future Agriculture and Food Systems. This new program is intended to provide Federal research dollars to be awarded on a competitive basis to address emerging issues, including agricultural genome, food safety, food technology and human nutrition, new and alternative uses and production of agricultural commodities and products, agriculture biotechnology and farm efficiency and profitability, and natural resource management.

Unfortunately, even before the President had a chance to sign this new law, the Subcommittee on Agriculture zeroed out the new program and used the savings to pay for other programs within its jurisdiction. I certainly recognize the difficulties the chairman had in providing funding to all of the important programs under his jurisdiction. However, I believe that zeroing out of all of the funding in the initiative was misguided.

I am offering an amendment today that would partially restore funding for the initiative for future agriculture and food systems. The amendment is simple. It would delete funding provided under the special grant authority for earmarked projects and use that savings to fund the initiative. In S. 1150, the Congress sent a strong message that earmarked projects should be a thing of the past and that competitive research grants were the model for the future. This philosophy was repeated throughout our bill. In section 406 of the bill, we established a generic authorization for high-priority research projects. In the past, these projects would have been earmarks, but we were able to establish a system whereby all funds would be awarded on a competitive basis and matching funds would be required. In section after section, we repeated the pattern of requiring competition for research money. Now, before the program can even get under way, the bill before us today eliminates funding for this program and resorts to business as usual.

Support for the initiative as a part of S. 1150 was overwhelming. It was supported by all the agricultural organizations, the land grant and nonland grant universities and others. Unfortunately, now they are placed in a difficult position, a position not unlike those of us

in Congress. They would be asked to choose between funding for the initiative and funding for other important agricultural programs. It is unfortunate that we are all in this position, but I believe that redirecting research funding in the form of special grants back to the new competitive program is the right approach.

I understand that many of the projects included in this section of the bill are important, but I believe that the goals of these projects could be reached through a competitive process. The interest of agriculture and the taxpayers would be better served through the competitive awarding of money. We need to ask ourselves whether we should be spending Federal dollars on research that would not be able to withstand a competitive process. We have scarce Federal dollars. No one knows that better than our colleagues who serve on the Committee on Appropriations. But I believe that it is irresponsible for this Congress to earmark funds for programs that are unauthorized.

I know that this is a difficult fight. I ask my colleagues to support my amendment that will allow us to go down the path we voted on just a few weeks ago that ended the earmarking of research projects.

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

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

Mr. Chairman, we have had these special grants we have developed all through the years. The system has worked very well and been very productive. I do not think at this time that we want to see us to lose that system or the way that we have been handling it. Therefore, I strongly oppose the gentleman's amendment.

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

Mr. DOOLEY of California. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in regard to the comments made by the gentleman from New Mexico, I think that what I am simply proposing is that all the programs that have been earmarked are programs that could well have merit. But I contend that in order to do the best job in meeting the priorities of agriculture and the priorities of farmers in this country and at the same time ensuring that the taxpayers are getting the greatest return on the investment of their dollars that we should be funding agricultural research programs based on a competitive basis, and that many of the programs that are earmarked in the appropriations bill will receive funding on a competitive basis. But why should they not be required to compete with other agricultural research priorities? Why should we identify a set of programs to be funded at the expense of funding other programs when they have not gone through a competitive process?

I am one of the strongest supporters of agricultural research. I think there are some great projects that are funded in the earmarks section of it. But why do we not do justice to the farmers of this country and justice to the taxpayers of this country to ensuring that the tax dollars that we invest in agricultural research will be done in a matter which ensure that they are meeting the highest priorities of the farmers of this country.

I urge my colleagues to vote in support of this amendment.

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

Mr. SKEEN. Mr. Chairman, I yield 2 minutes to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Mr. Chairman, I support the gentleman in his opposition to this particular amendment. I think every single account in agriculture, whether it is research, whether it is conservation, whether it deals with emergency feeding, whether it is WIC, school lunch, we can go down the list, every single account needs more money and wants more money. I think we have been very fair. In the research accounts, I think that we accommodate various interests around the country. We just do not favor one set of perhaps powerful interests that would want to do research. On behalf of the United States of America, I think we have produced a good bill. A lot of this research is continuing research.

It is unfortunate that when additional research dollars were sought and they attempted to make them mandatory, of course, there were no funds, user fees or other sources of revenue that could help us pay for those research projects. I think it would be unfair to try to rearrange the order that we have set now within the bill. I think we have been very fair to the research accounts. Unfortunately if people want more dollars for research, they are going to have to come up with revenue sources to pay for them. I support the chairman in his opposition to this amendment.

Mr. SKEEN. Mr. Chairman, I yield myself such time as I may consume. I would like to remind the gentleman, too, that we have a tremendous amount of competition on the basis of these grants that we are granting now. Because of the lack of funding for all the programs, they are intensely, I think, interrogated as far as how valid they are and how much they will yield to the system. I do not think that this is the way to go. I am still constrained to oppose it. I do not think we need to have a competition board or something like that. We do that every session that we work these over, and we go back and review them as well.

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

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. DOOLEY).

The amendment was rejected.

AMENDMENT NO. 6 OFFERED BY MR. NEUMANN

Mr. NEUMANN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. Neumann:

Add after the final section the following new section:

SEC. —. None of the funds appropriated or otherwise made available by this Act may be used to make available or administer, or to pay the salaries of personnel of the Department of Agriculture who make available or administer, a nonrecourse loan to a producer of quota peanuts during fiscal year 1999 under section 155 of the Agricultural Market Transition Act (7 U.S.C. 7271) at a national average loan rate in excess of $550 per ton for quota peanuts.

Mr. SKEEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes, and that the time be equally divided.

The CHAIRMAN. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

The CHAIRMAN. The gentleman from Wisconsin (Mr. NEUMANN) is recognized for 15 minutes.

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

Mr. Chairman, I would like to start this debate by just reading a couple of lines out of a Washington Times article of July 7, 1997. It says:

> Congress is doing something really nutty. It is making Americans pay 33 cents for every jar of peanuts we buy as part of a continuing effort to help farmers who have been dead for half a century.

Here is what is going on in the peanut program. It was developed back in the 1930s much like the dairy debate that we heard earlier here today, a program that was developed in the 1930s for specific purposes. What they did is they limited the amount of peanuts that could be sold here in the United States. They issued a quota as to how many pounds could be sold here under a certain price structure. The program was designed originally to be temporary. And as with many programs out here in this Congress, the temporary program is still going on. It was developed in 1934 and it is still going on here in 1998.

□ 1500

I have to say that in the building business when we built a company that provided 250 job opportunities, we could not get by on technology and systems that were in existence in 1986 by 1990 when I left the company, much less looking at programs that worked in 1934 and would still be in use today, and that is the case with the peanut program.

Here is how it works:

There is a limited number of quotas that are owned by individuals. Now, if we have this quota, we can market peanuts for consumption here in United States of America. Of course they get $650 per ton for the peanuts that they

market here in the United States of America. Now, if they market peanuts or grow peanuts outside the quotas, they can still sell them in the world markets. In the world markets the price of peanuts is about $350 a ton, instead of $650 that we are marketing for here in the United States.

So what does that really translate into? The consumer here in the United States of America is being asked to pay a subsidy from $350, which is the market price in the world market, to $650 a ton, so the consumers here in America are forced to pay this additional price.

What has happened over the years, of course, is that the farmers that were originally intended to benefit from this back in the Depression era, those farmers are now deceased. They are not here any more, so they do not exist. So what they did is, they passed their quota on as part of an inheritance, so it went through generation after generation after generation, and as might be expected, the person that inherited the quota no longer is doing the farming. So we are now in a situation where 68 percent of all quota owners no longer do the farming.

So what we really have, and up until very recently these quotas were owned by people in foreign countries like France and Germany and so on, and what would happen is a farmer here in the United States would buy the right to sell peanuts at this subsidized price at $650 a ton. They would buy the right to sell the peanuts here in the United States of America at this escalated price, and the quota owner would simply get a check at the end of each year.

This whole program is just plain senseless in today's markets. We should allow the peanuts to be sold at market prices here in the United States of America just like they are anywhere else in the world.

Now I should clarify just for the record that quotas are no longer owned by people in foreign countries, but they are now owned by doctors and lawyers and attorneys and wealthy people in general in the United States of America.

So what happens? A farmer goes to this person owning a quota here in the United States of America. They ask the farmer if they will sell them the right to market peanuts here in the United States of America at this subsidized or at this higher price. So the farmer then goes to work, puts in all the effort, all the time, raises the peanut crop and then sells it at the $650 a ton, but the farmer does not get to keep the $650 a ton. The person who owns the quota gets the money for it, and of course the consumer pays the additional price.

I strongly urge that we at last end this 1930's program and bring the United States of America and all the free traders in this country and all the people that say they want a fair and even playing field, let us bring the peanut program and the peanut farmers into the 1990's, just like we are trying to do with the dairy products. It is time we end this program, and that is the purpose of this amendment.

I would add one more thing under this amendment. We did not try to bring the price all the way down to $350 a ton. We simply said we are going to take it the next step and bring it to $550, with the hopes that in future years we can get to an actual free market system. So all the amendment does is bring it closer to market price. It does not even bring it all the way to market price.

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

Mr. WALSH. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Illinois (Mr. EWING) the chairman of the subcommittee of jurisdiction.

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

Mr. Chairman, this is an argument that we seem to go through every year, unfortunately, and I think it is too bad that we constantly attack farmers regardless of what their crop may be. This is indeed an attack on peanut farmers and the peanut economy in this country. It is not the place that we should be reforming the peanut program, on the ag appropriation bill. No hearings, no discussions, just come in here and we will slash this program.

The sponsor of the bill, I think, is misinformed or uninformed when he talks about the world price of peanuts. The world price of peanuts is really not the value of peanuts. It is the value of peanuts that are dumped on the world market, a big difference, and the program that we have in effect, a no-cost program to the Federal Government, is there to protect the American peanut farmer from imports of cheap peanuts which are subsidized by the governments of those producers.

My colleagues, this is not a good way to make farm policy. I suggest that we do as we have in the past, that we turn back this amendment and that we live up to our contract with America's peanut farmers.

Mr. NEUMANN. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in support of the Neumann amendment to the farm bill which puts a price support level of $550 per ton on peanuts. This amendment represents a modest step in the direction of reform. It does not end their program or pull the rug out from under peanut farmers. However, it does send a message to the peanut, confectionery and bakery industries in districts and States like mine, Illinois, that they need not continue to pay an inflated price for peanuts as they operate in more than 50 locations, employ over 15,000 people and generate more than $600 million in annual payroll compensation to workers.

It is difficult to find anything unique or in the national interest which demands that peanuts get special preferential treatment over other commodities such as wheat, corn, grains, sorghum, barley, oats, soybeans, rice and cotton, all of which have been transitioned to the free market.

Mr. Chairman, the area that I come from, Chicago, is the hub of confectionery and peanut product manufacturing. I urge that this amendment be supported. It is good for business, it is good for America.

Mr. SKEEN. Mr. Chairman, I yield 7½ minutes to the gentlewoman from Ohio (Ms. KAPTUR) for purposes of control.

Ms. KAPTUR. Mr. Chairman, I yield that 7½ minutes to the gentlewoman from North Carolina (Mrs. CLAYTON) to control.

The CHAIRMAN. Without objection, the gentlewoman from North Carolina (Mrs. CLAYTON) will control 7½ minutes.

There was no objection.

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

Mr. Chairman, I thank my colleagues very much for allowing me to control this time, and I tell my colleagues that this is an old argument, an old story, but it is an unfortunate one and it is an appropriate one. Here we go again trying to really make scapegoats of farmers and the rural communities, and here we go again also trying to equate the world market to the lowest common denominator to make sure that our farmers indeed lose.

This is a regional crop. I can tell my colleagues rural communities will be devastated if indeed this amendment is passed.

Mr. Chairman, I note my ranking member from the Committee on Agriculture has come.

Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, I thank the gentlewoman for yielding this time to me, and as someone else said a moment ago, here we go again. It seems like every year at this time the manufacturers are never satisfied until the peanut program is eliminated.

But I just did a fascinating amount of research right here in this body. I have in my hand M&M peanuts, which I like both products very well. One has peanuts, one does not. I went into the Democratic cloakroom, and I asked how much are these, and they said 60 cents each, and I said I will take two. Now my colleagues can go out in the store and buy it for 55 cents, but roughly that is the same amount that we were paying for these products last year.

What was fascinating, though, is when I went over into the Republican cloakroom and I said I would like to buy the same M&M peanuts, well, I hate to tell my colleagues on this side of the aisle, but they need to start buying their products over on this side because it costs you 75 cents for the same

two M&M peanut packages. So I think we are going to have a run on business over on our side.

But this just proves the point. With all due respect to my colleagues who are offering this amendment again, this has nothing to do with what consumers are going to pay for peanut products, even the peanut butter argument. It is fascinating. The gentleman from Wisconsin (Mr. NEUMANN) made the argument on peanut butter. The best bargain prices for peanut butter in the world are in the United States, and yet some people, and we can go anywhere in the world and we will pay more for our peanut butter. We can go to Mexico and we will pay $2.55. Here in the United States it is $2.10.

What they are trying to do with this amendment today is once again destroy peanut farmers in America. That is what they are trying to do, and they are using philosophical arguments that have no standing whatsoever with fact. When we can take these two products here and see the differences, we should not kid ourselves that we are going to do the consumer any favor by adopting this amendment. We will not.

Mr. SKEEN. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. SMITH) the chairman of the Committee on Agriculture.

(Mr. SMITH of Oregon asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Oregon. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, unfortunately we have this exercise it seems every appropriation period where we attack the contract that was entered into in 1996 between Members of Congress and farmers in America. This is another attack to violate the agreement reached when we said at that time, passing legislation at that time, that we would continue the subsidy program until 2002 where it would all end.

Now farmers understand that process, the bankers that farmers do business with understand that process, and plans have been made for that purpose. Now to turn our backs, turn this Congress' back on the contract that was agreed to in 1996, is wrong. It should not happen, and it will not happen, and we will not let it happen.

Now for all the tobacco and peanut farmers in the Northwest, I am asking my colleagues, and there are not any by the way, in the name of good sense and common sense and agreement I am asking my colleagues to vote down this amendment. The point is and was made, there are shellers, there are manufacturers, there are farmers. Everybody is coming at this from another angle. This is a no net cost to taxpayers. Vote down this amendment.

Mr. NEUMANN. Mr. Chairman, I yield myself 15 seconds.

I just like to put this argument back in proper perspective. This is about the United States Government stepping into a situation and dictating that the consumer pay more than market price for a product. That is what this argument is about. It is not about whether it costs 30 cents or 60 or 75.

Mr. Chairman, I yield 3 minutes to my colleague the gentleman from Pennsylvania (Mr. KANJORSKI).

Mr. KANJORSKI. Mr. Chairman, I would like to register an objection.

I am a guy who loves peanut butter, and I have discovered, my research, it cost me 33 cents more for a 18 ounce jar, and I think that the Members on the other side of the aisle should get together and vote me a subsidy of 33 cents for every jar of peanut butter I consume a year because, after all, why should I not be entitled to be subsidized as the peanut farmer is?

This argument is really an argument. It is bipartisan in nature. There are those on both sides of the aisle that want to support the peanut farmer. If we talk about the peanut farmer, my heart goes out to him, too, except when we look at the reality of the situation, 22 percent of the peanut farmers are deriving 80 percent of the profits from these quotas.

Seventy-five percent or two-thirds of the licensees of these peanut support systems are not farmers. They are owners of land and owners of licenses. Some of them inherit them as a matter of inheritance from father and grandfather, and we are saying here that we are fighting for these poor farmers.

A lot of them live on Wall Street, the holders of these licenses, because this is a negotiated saleable item, a commodity that is sold in this country, and it is just time that, if we are talking about free markets and we are talking about competition, we are not suggesting to go straight to a free market. We are suggesting a simple 10 percent reduction in support costs.

And I just want to remind all the Members how many people would be screaming aloud here if we guaranteed the price of steel that would have to be consumed by auto manufacturers or other users of steel in this country.

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What if we said oh, these people have made their investment and always produced steel, they have got to get a fair guaranteed price by the Congress of the United States. What happened to our Congress, our supposedly free marketeers? This is not asking for a free market; it is asking for something nearer to a fairer market. If it does not happen, the hypocrisy we will express in doing this, and when I hear our friends talk about it is going to end in 2002, well, I am not a gambler, but if anyone would want to step to the back of the Chamber, I would make a wager that in 2002 there is going to be an excuse to continue to subsidize licensee holders on Wall Street, New York, with the payment from American consumers to protect the markets of the license holders of peanuts. You will not be wrong. It is going to happen. We know it is going to happen.

All we are saying is maybe let us just give the indication to the American people that we are going to reduce this hard support system for peanut farmers by just 10 percent now. Let us see what the effect is on the marketplace. Let us see how competitive it makes our candy business. Let us not run the risk of encouraging our candy manufacturers to move to Mexico, right across the Texas line, and buy peanuts $300 cheaper from Texas than they can today.

I urge my friends to support this amendment.

Mrs. CLAYTON. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. BISHOP).

Mr. BISHOP. Mr. Chairman, I thank the gentlewoman for yielding me this time.

Mr. Chairman, I rise in opposition to this repetitive, redundant amendment. It seems that we have got to face this every year. But 2 years ago we forged an agreement between the government and our farmers, and investment decisions have been made based on a 7-year farm bill. Now, after 2 years, we are threatening to renege on that commitment.

I think that is absolutely awful. We have made a contract with our farmers. They have relied, to their detriment, on that; and here we come now as a Congress and want to pull the rug out from under them. It is not fair, it is not right, it is un-American, and we just not ought to do it.

Mr. Chairman, I believe we ought to vote this amendment down today, just as we voted it down last year and just as we voted it down the year before that. This is a bad amendment, it does not reflect good policy.

The statistics that the gentleman from Pennsylvania (Mr. KANJORSKI) cited are based on obsolete information. We have a no-net-cost peanut program now. It does not cost the government a thing. What we are trying to do is protect American farmers and make sure they have a level playing field with producers in other parts of the world with whom they have to compete.

This is a bad amendment. It rejects and reneges on the contract we have made with our farmers and it sets bad precedent. We ought to stand up to our agreements and live out this farm bill in a way that our farmers will know that when the Congress speaks, that we can be counted on to keep our word.

Mr. Chairman, I urge the rejection of this amendment, and urge us to pass this bill and get on with the business of this House.

Mr. NEUMANN. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. ROYCE).

Mr. ROYCE. Mr. Chairman, the peanut program is nuts, just a shell game. It is a hidden tax. It is a hidden tax on American consumers, adding hundreds of millions of dollars to the cost of peanuts.

We have not repealed the law of economics. A jar of peanut butter costs 33

cents more because of the peanut program. These higher prices affect all consumers, but particularly low-income Americans, who often substitute peanuts for higher priced sources of protein. Even the Federal Government is feeling the pinch of higher peanut prices. It has cut its purchases of peanut butter for feeding programs such as school lunches.

In the 1996 farm bill we were promised real reform. However, in my view, this never was realized. We still have a program of fixed peanut prices, government-sponsored peanut shortages, and it is still illegal to grow peanuts without a license.

This amendment is a step in the right direction. It caps the peanut price support at $550 per ton. This is only a 10-percent reduction in the support price. I urge support for this amendment.

Mr. SKEEN. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. CHAMBLISS).

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

Mr. CHAMBLISS. Mr. Chairman, the gentleman just got up here and said this is simply a reduction of 10 percent. You know, we reduced the support price on peanuts 10 percent in 1996. You know what happened to the price of that jar of peanut butter you just referred to? The price went up. Explain that to me. Explain that to the farmer down there who gets less than 33 cents out of that jar of peanut butter for the peanuts that go into that jar of peanut butter.

This whole thing makes absolutely no sense at all. The gentleman from Texas walked in here with M&M's that contain peanuts and M&M's that do not; M&M's bought on one side of the aisle and others bought on the other side of the aisle at different prices. Let the market control that, and that is what happens.

The cost of peanuts is so minimal in the manufacturing industry that it is absolutely ridiculous to be standing up here arguing about this. But the real point is, this is not a 1934 program, as my friend from Wisconsin said. The current peanut program is a 1996 program. Real reforms were made in the program in 1996. It became more market-oriented, it became a no-net-cost program. There was a 10 percent reduction in the support price in 1996. Most of all, as the gentleman said, it eliminated these quota holders that do not live in the United States. That simply is no longer an argument on this issue.

Most importantly, Mr. Chairman, when you step up here to vote on this particular amendment, you are voting on whether or not you want to live up to a commitment that was made to the farmers in this country in 1996. A vote for this amendment is a vote to jerk that commitment out from under them. A vote against this amendment is a vote to support what we told the peanut farmers in this country in 1996 we would do, and that is that if they would agree to making real reforms in this program, we would agree to continue this program for 7 years, at $610 not $650 a ton.

Mrs. CLAYTON. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. RODRIGUEZ).

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

Mr. RODRIGUEZ. Mr. Chairman, the peanut farmers are family farmers. The average peanut farm is 98 acres, based on the census. It is not a big farm, it is a small farm. I have the luxury of representing some of them, and they are having a great deal of difficulty.

One of the things we need to recognize is that in 1996 we had an agreement, and we brought that price down from $678 to $610. I ask you, did you see a price cut on the peanut butter and the candies out there? No, and you are not going to see it either.

The main thing is that we need to begin to support our farmers in order for them to be able to get a good price for their product. Consumers have yet to see any cost savings from those cuts that were made in the previous time. Now they want to cut again, arguing much more that the consumers deserve the savings. In fact, just like before, there are no savings.

Mr. Chairman, I ask that Members vote against this amendment.

Mr. NEUMANN. Mr. Chairman, I yield 2 minutes to the gentleman from Arkansas (Mr. HUTCHINSON), a coauthor of the amendment.

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

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

Mr. Chairman, I rise in support of this amendment. This amendment establishes a loan rate that will bring our prices closer to the world market level. This is simply a step towards preventing the government from artificially raising the price of peanuts through production quotas. In the 1996 farm bill, and Members have referred to this, the peanut subsidy was essentially left out, so we must address it now.

This policy that has been adopted is unfair to, first of all, the consumers, the consumers who are affected by the increase in price, the subsidized price of the peanuts. If it is not the consumers, it is the peanut industry. Someone has to absorb a price whenever the price is artificially increased, so it is either consumers are or the industry itself.

But it is also, and I come from an agricultural State, it is also unfair to those farmers who would like to grow for the U.S. market but do not have a license. I think we need to eliminate that.

Fourthly, it is unfair to the rest of American agriculture, who is so dependent upon exports. In Arkansas, my State, rice and soybeans, we export those worldwide. When you are trying to build an agricultural economy worldwide, we have to defend against the accusation that, well, look at your own country; you are subsidizing, engaging in unfair trade practices. So we need to eliminate those barriers across the board, so that we can increase our exports and so it is fair to all of our agricultural communities.

So I think it is very important that we start reducing this trade barrier, but we also start putting back the free market system into peanut production.

In 1934 the Great Depression led Congress to establish the Federal peanut program to protect the peanut producers and to control the domestic supply. Well, the peanut program is now 64 years old. That is 64 years of price controls, it is 64 years of higher prices for consumers and 64 years of centrally planned economics. It was not remedied in the 1996 farm bill.

Please vote for our amendment today, and end this government program.

Mr. NEUMANN. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey (Mr. FRELINGHUYSEN).

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

Mr. Chairman, I rise in support of the Neumann amendment. This amendment attempts to keep our promise to the American people, consumers all, to reform the peanut program, one of a number of inappropriate and outdated subsidies.

While the Farm Act gave farmers of agricultural commodities greatly expanded flexibility, removed the heavy hand of government and reduced government payments to farmers, the peanut program continues to waste taxpayer dollars.

This amendment by the gentleman from Wisconsin (Mr. NEUMANN) follows through with our commitment to reform the peanut program. It will ensure that the Secretary of Agriculture provides the small measure of reform that was promised in the farm bill. It deserves our support.

Mr. SKEEN. Mr. Chairman, I yield 1 minute to the gentleman from Alabama (Mr. EVERETT).

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

Mr. EVERETT. Mr. Chairman, this amendment is based on false information, it is poor from a policy standpoint, and it is unworkable from a practical standpoint. How strange it is that while the author of this amendment just a few hours ago on this floor fought for family farms in Wisconsin, he now offers an amendment that would destroy family farms that he has no interest in.

Opponents continue to claim that this peanut program costs families additional money. That simply is not true. The report that they quote identifies the consumer as corporations,

not families. Since the price farmers receive for their peanuts was slashed over 2 years ago, the price of a candy bar has gone up. Not one penny of that money taken from farmers has gone to families, not one penny.

This bill takes money from working farmers and puts it into the hands of greedy corporations.

Mr. Chairman, I yield back what common sense is left in this place.

Mr. NEUMANN. Mr. Chairman, it is my privilege to yield 1 minute to my good friend, the gentleman from Tennessee (Mr. WAMP).

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

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

Mr. Chairman, I am asked often in my fourth year here in the House, what surprises you the most? I must say what surprises me the most, without question, is that my party, the Republican Party, took a majority in this institution for the first time in 40 years, yet agriculture somehow escaped the reforms. It is unbelievable to me that we are still, in the name of reform, slow-walking reform, smiling at the American people, and saying we reformed agriculture.

My goodness, we are so deep in the agriculture business, it survives whatever winds blow through this city. They are so institutionally prominent. Whether it is peanuts, sugar, tobacco, whatever, price supports, subsidies, quotas, they make no sense in the free market. The government should not be this involved in the farm business.

Mr. Chairman, I come from a deep farm history in the Sequatchie Valley of east Tennessee and in northeast Alabama, and the farmers in my part of the world want to be left alone. They want to farm all by themselves, without figuring out what the government is doing next.

Mr. Chairman, I urge my colleagues to vote in favor of this amendment on peanuts. There are several reasons why this amendment is appropriate. Perhaps one of the most important reasons comes from a government policy perspective.

The U.S. peanut program stands out as a glaring example of inconsistency with well-established agricultural trade policy and principles supporting fair and free trade. In a new era of U.S. agriculture, where almost every food commodity is produced and exported competitively in the world market, the peanut program especially stands out as completely contrary to the objectives of the rest of agriculture.

In fact, a 1996 NAFTA case involving, dairy, poultry and eggs illustrates the problems the U.S. peanut program creates for other American commodities. In its pleadings before the domestic peanut market. The Canadians even threatened retaliation in the form of a trade case against the peanut program, had there been an adverse panel decision against Canada in the dairy, poultry and egg case.

With exports of U.S. agricultural commodities totalling approximately $60 billion annually, and many more billions of dollars of export potential, it is difficult to understand why both-makers and growers of other commodities would jeopardize this export trade in the interests of a relatively small group of peanut quota holders who refuse to compete in world markets. In fact, peanuts represent only one-half of one percent of the total value of all U.S. agriculture commodities.

Almost all U.S. commodity programs stepped up to the plate during the 1996 Farm Bill and agreed to remove restrictions on production. At the same time, peanut quota holders clung to the past and ignored market realities.

The many sectors of agriculture that compete in world markets should no longer allow the peanut program to impair their export opportunities. The future of U.S. agriculture lies in exporting commodities where we have a competitive advantage.

While this amendment does not eliminate the peanut quota program, it begins to move the U.S. peanut quota price support toward the world market price. However, if we want to begin the process of making the peanut program more market-oriented, we should support this amendment.

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Mrs. CLAYTON. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina (Mr. ETHERIDGE).

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

Mr. ETHERIDGE. Mr. Chairman, I thank the gentlewoman for yielding time to me.

Mr. Chairman, I strongly oppose this amendment. It is amazing to me to listen to people up here who do not farm tell us how farmers make money. It is amazing to me to listen to people who do not have dirt under their fingernails to tell us how we ought to change programs. It is absurd. It is obvious to me they do not really know what it is all about. They have been listening to someone with a textbook. They really ought to go talk to the farmers who are out there right today, in 95-degree weather praying for rain, who have had too much rain, and the peanuts get soggy.

Three years ago this Congress decided it would have a 7-year program. If there is any integrity left in this body, we ought to live up to our commitment and keep this program in place and defeat this amendment.

Mr. SKEEN. Mr. Chairman, I yield 1½ minutes to the gentleman from Washington (Mr. NETHERCUTT).

Mr. NETHERCUTT. I thank the gentleman for yielding me the time.

Mr. Chairman, I just listened to my good friend, the gentleman from Tennessee (Mr. WAMP), speak a moment ago about subsidies for agriculture, and agriculture never changes. I want to dispel everybody of that notion. This is silly.

I do not know whether the gentleman from Tennessee voted for the farm bill or not, but if he did not, or if he did, and a majority of this House did, it made an agreement with people in wheat and peanuts and sugar and the rest to change this system gradually. There is nothing wrong with that. The commitment is to the farmer.

It is easy to say, let us cut everybody off tomorrow. That is fine. I am not one for great subsidies, either. But in the farm bill, we said we were going to gradually make an agreement to eliminate any assistance over a period of years. We did it with peanuts, we did it with wheat, we did it with sugar. We should stick with it.

My argument to anybody who wants to object and wants to change the agreement we made in the farm bill that the majority of this House voted upon, and the President signed into law, is stick with the commitment. Stick with the commitment to gradually adjust our thinking in this country relative to agriculture. That does not mean change peanuts or change sugar or change wheat overnight. It is stick with the agreement.

That is what I object to on this amendment is that we are suddenly saying, let us get more pure, and we are going to change this overnight. A commitment is a commitment with the farmers of this country. We ought to stay with it. I urge a no vote on this amendment.

Mrs. CLAYTON. Mr. Chairman, I yield the remainder of my time to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, just a couple of things to set the record straight. There are no licenses required to grow peanuts. Anyone can grow peanuts. In fact, 120,000 tons of non-quota peanuts found itself into the domestic market over each of the last 2 years.

Here is a list I will put in the record of 10 reforms that were put into the peanut program in the 1996 farm bill, just as the previous speaker was talking about, that have had the result of reducing peanut farmer income by as much as 30 percent.

But that is not enough for our colleagues today on the floor. All commodities have a loan. All commodities have a loan. That is what we are talking about for peanuts today, the loan price for peanuts.

Mr. Chairman, I include for the RECORD the list of 10 points related to the peanut program.

The material referred to is as follows:

THE PEANUT PROGRAM HAS BEEN REFORMED

As a result of changes made to the peanut program in the Federal Agriculture Improvement and Reform Act of 1996, peanut producers have experienced income reductions as much as 30%. Any efforts to further limit the marketing ability of peanut producers will have a devastating effect on peanut production in the United States.

Reforms made to the peanut program:

1. The Peanut program is a no-net-cost program. All taxpayer cost has been eliminated. This represents a 7 year savings of $378 million.

2. The support price has been reduced by 10%. Grower income has been reduced with no effect on the cost of operating the program.

3. The support price has been frozen for the life of the Bill. Producers will not be protected from increases in the cost of production.

4. Minimum legislated production floor is eliminated. Growers will plant based on marketplace demands rather than a legislated minimum.

5. Undermarketings are eliminated. Producers will no longer be able to carry-forward produced quota resulting from natural disasters.

6. Regulatory rest frictions are eliminated. Many restrictions on the lease and transfer of peanuts across county lines are eliminated.

7 The peanut program is opened to new producers. Access to the program has been made easier for producers desiring to produce peanuts.

8. More production will shift to family farms. Public entities and out-of-state non-producers will be ineligible for participation in the program.

9. Severe penalties for producers who do not market their peanuts commercially have been put in place. Growers who abuse the program and refuse to sell their peanuts on the commercial market will be barred from the peanut program for one year. No other commodity marketing loan program has such a severe penalty.

10. Safety-net provisions protecting against the production of lesser quality peanuts has been reduced. The use of this provision has led to a substantial improvement in the quality of peanuts in the edible market by ensuring that damaged peanuts and peanuts contaminated with aflatoxin are not used for domestic edible consumption.

Mr. NEUMANN. Mr. Chairman, in the interest of being a good sport, it is my privilege to yield 30 seconds to my opponent on this particular amendment, the gentleman from Georgia (Mr. NORWOOD).

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

Mr. NORWOOD. Mr. Chairman, I thank the gentleman very much for yielding time to me. I appreciate the gentleman from Wisconsin (Mr. NEUMANN) giving me this few seconds to say that I hope he has seen a peanut plant since last year, because last year he had never seen one.

Since then, since the gentleman has tried to give the children of Georgia powdered milk today, now they want us to buy Chinese peanuts. They are talking about 16,000 farmers in this country who are God-fearing, church-going, hard-working, taxpaying people and he needs to get off their backs and not be so greedy for the candy manufacturers.

Mr. Chairman, if people like strawberries from Mexico, they are going to love Chinese peanuts.

Mr. NEUMANN. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, this is not quite as it was just explained. This is really about whether or not the United States government is going to interfere and mandate higher prices than the market would bear for peanuts. The price those farmers are farming and selling those peanuts, who are not under the quota, is $350 a ton. Why is it that our American people should pay $650 a ton when the going price in the world market is $350?

This program is bad. The United States government should not be in the business of forcing higher prices. We should have free trade as it relates to peanuts, as we should in many other areas in this country. I would hope all the people that consistently come to the floor of this House and support free and fair trade would come to the floor and support ending peanut subsidies in the United States of America, once and for all.

Mrs. MORELLA. Mr. Chairman, I rise today to support this amendment to ensure that we will achieve the reforms to the peanut program promised in the 1996 Farm Bill. The Neumann amendment would push the peanut industry toward free market policies, and help taxpayers and consumers save millions of dollars. This amendment simply requires the Department of Agriculture to be fair to consumers in establishing the loan level for quota peanuts. The USDA will be required to administer the floor price for quota peanuts at no more than $550 per ton.

The Federal Agricultural and Improvement Reform (FAIR) Act of 1996 provided ''freedom to farm'' for just about every agricultural commodity, such as corn, soybeans, and wheat. Peanuts are one of two exceptions. Although freedom to farm peanuts was denied by Congress, advocates of the new farm bill did promise a 10 percent reduction in the loan rate to $610 per ton.

Unfortunately, even this minor reform in the federal peanut program has been undercut by the Secretary of Agriculture's administration of the program. By setting an extremely low national production level for quota peanuts, he has effectively restricted peanut supplies so that the actual market price for quota peanuts has averaged about $650 per ton. This is hardly the support level envisioned by Congress. We have not moved the price support for peanuts toward the international market price of approximately $350 per ton.

This amendment would make sure that the Secretary of Agriculture implements the price support intended by Congress and moves the peanut program towards the world price. Although this is a modest step, it will provide some much-needed relief to American consumers and the U.S. peanut industry.

I urge by colleagues to support this amendment to help protect consumers from the government price-fixing peanut program. The exiting quota and price support program for peanuts is anti-consumer, anti-competitive, and inefficient. It needs to be changed. If you are concerned about good government, consumers, and the future of the U.S. peanut industry, I encourage you to vote for this peanut program amendment.

Mr. FAWELL. Mr. Chairman, I rise in support of the amendment offered by my colleagues MARK NEUMANN, PAUL KANJORSKI, and ASA HUTCHINSON, which would provide much needed reform for an out-dated and anachronistic peanut program.

I have long been an opponent of unnecessary agriculture subsidies such as the peanut, sugar, and honey programs. When the House of Representatives considered the 1994 Agriculture Appropriations bill, I offered an amendment to eliminate the notoriously wasteful USDA subsidy to honey producers. By the overwhelming vote of 344–60, the House adopted my amendment, which subsequently became law.

Today Mr. Chairman, we once again have the opportunity to reform an anti-consumer, anti-market program by reducing the price support level in the peanut program from $610 per ton to $550 per ton. This incremental, common sense amendment will move the peanut support price closer to the world market price, benefiting the U.S. taxpayer and consumer.

The current peanut program, which keeps domestic peanut prices artificially high, makes the growing and selling of domestically grown peanuts in the United States illegal without a federal license. That's correct, an American farmer can not grow or sell peanuts without a license, or quota, issued by the United States Department of Agriculture.

Moreover, American peanut users pay nearly double the international price for domestically-grown peanuts as a result of this antiquated depression-era policy. Why are foreign consumers of U.S. peanuts and peanut products paying less than American consumers Mr. Chairman? Because the U.S. Department of Agriculture is keeping peanut prices artificially high by limiting peanut production.

Mr. Chairman, this government subsidy program must be reformed. I see no reason why a handful of quota owners should benefit at the expense of the American consumer. Do not be fooled by the rhetoric of those who contend that the peanut program was reformed in the 1996 ''Freedom to Farm'' bill: It was not. We still experience a peanut program which is anti-market, anti-consumer, and anti-common sense.

Mr. Chairman, I urge all of my colleagues to support passage of the Neumann-Kanjorski-Hutchinson amendment which will reform this antiquated government subsidy program.

Ms. LOWEY. Mr. Chairman, I rise in support of this amendment, which implements the first step in the Shays-Lowey peanut program elimination bill.

The peanut program epitomizes wasteful, inefficient government spending. It supports peanut quota holders at the expense of 250 million American consumers and taxpayers.

This outdated program is based on a system reminiscent of feudal society. Quotas to sell peanuts are handed down from generation to generation, and two-thirds of the quota owners don't even grow peanuts themselves.

The GAO has estimated that this program passes on $500 million per year in higher peanut prices to consumers.

And what does this mean to average American families?

Well, as a mom who sent her three kids to school with peanut butter and jelly sandwiches for years, I find it unacceptable that this program forces American families to pay an average of 33 cents more for an 18 ounce jar of peanut butter. That's not peanuts!

This amendment is also good for American jobs. Because the price of peanuts in the U.S. is so high, peanut butter and candy bar manufacturers are leaving the U.S. to open up plants in Canada and Mexico. The peanuts can be purchased there at the world market price—half the U.S. price—and the finished product can be brought into the U.S. and sold here. We must lower the artificially high price of domestic peanuts to save these manufacturing jobs.

I urge my colleagues to stand up for American consumers and support this amendment. It is good fiscal and consumer policy.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Wisconsin (Mr. NEUMANN).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. NEUMANN. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 482, further proceedings on the amendment offered by the gentleman from Wisconsin (Mr. NEUMANN) will be postponed.

AMENDMENT NO. 2 OFFERED BY MR. BASS

Mr. BASS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. BASS:

Insert before the short title the following new section:

SEC. (a) LIMITATION ON USE OF FUNDS.—Not more than $18,800,000 of the funds made available in this Act may be used for the Wildlife Services Program under the heading ''ANIMAL AND PLANT HEALTH INSPECTION SERVICE.''

(b) CORRESPONDING REDUCTION IN FUNDS.—The amount otherwise provided by this Act for salaries and expenses under the heading ''ANIMAL AND PLANT HEALTH INSPECTION SERVICE'' is hereby reduced by $10,000,000.

Mr. SKEEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes, and that the time be equally divided.

The CHAIRMAN. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

The CHAIRMAN. The gentleman from New Hampshire (Mr. BASS) is recognized for 10 minutes.

Mr. BASS. Mr. Chairman, I yield 5 minutes to my colleague, the gentleman from Oregon (Mr. DEFAZIO), for purposes of control, pending which I yield myself such time as I may consume.

Mr. Chairman, this amendment would reduce the Wildlife Service's western livestock protection budget from $28.8 million to $18.8 million, a $10 million reduction.

Basically, this is a program that has been funded for the last 4 or 5 years at approximately $26 to $28 million, always a little bit higher than that requested by the administration. It is a program that benefits a relatively few number of cattle and sheep ranchers in the West, and it gives them matching funds, half of which are put up by the State, essentially to shoot animals that may be considered predatory to livestock.

Between 1983 and 1993, quite a bit longer period of time, wildlife services increased by 71 percent. That is adjusted for inflation. The number of coyotes killed was increased by 30 percent. They also succeeded in killing black bears, mountain lions, badgers, and others. Let me just describe, Mr. Chairman, how this goes about.

In 1996, there were 28,575 coyotes killed. The preferred method of killing was the so-called aerial method. The aerial method is basically a means by which you get up in an airplane and you scatter shot on these poor, innocent animals. The other method was cyanide, poisoning these animals with cyanide.

Yet, over the same period of time, there has been no decrease in livestock lost to these predators. Livestock Services report livestock losses in 1996 were 5.8 million, while spending on the program was $9.6 million, not exactly a great rate of return.

Mr. Chairman, we ask ourselves, traditionally in the United States, wildlife protection has been designated to the States. Yet, we have this very strange Federal program that gives approximately $10 million to ranchers to shoot coyotes and other animals that is matched by the State, but goes beyond the way wildlife has traditionally been managed.

Is this really the right level of government to have this program controlled by? Is this really, Mr. Chairman, the best use for Federal tax dollars, to subsidize a few sheep and cattle ranchers? I think not. Does this program work, when we spend almost $10 million to save $6 million in livestock losses?

Let me suggest that the losses among cattle and sheep and other livestock are far greater from other diseases, respiratory and so forth. Perhaps the money would be better spent in other areas.

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

Mr. SKEEN. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. SMITH), the chairman of the Committee on Agriculture.

Mr. SMITH of Oregon. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in opposition to this amendment. Mr. Chairman, what we have heard is an exaggeration of the issue, exactly. All these predation problems are controlled either by the Oregon Fish and Wildlife Service or the National Fish and Wildlife, and they are only implemented when absolutely essential.

Let me suggest it is far beyond just protecting livestock. Timber resources are sometimes protected against bear and beaver damage; crops such as grass seed production, which is huge in the Willamette Valley in the State of Oregon, from Canada goose damage, and, of course, predation from livestock; protecting the public safety of the Portland International Airport. All of these are issues that this money goes to protect.

Mr. Chairman, to say that a horrible thing is to kill coyotes is from somebody who has never been in coyote country. Let me tell the Members that if they want to make the choice, they either take coyotes or deer and antelope. Which do Members like?

The management of predators is about protecting wildlife, as well, so we cannot say that we are here in the great name of the coyote, while at the same time saying, but we have to protect deer and antelope. Wrong. Therefore, let the professionals determine how this money is to be spent, as they do today. Let them use it in Oregon and around the country when the predators are too numerous for the other animals that are there.

Mr. Chairman, I urge Members not to support this amendment, and to vote against this amendment.

Mr. DEFAZIO. Mr. Chairman, I yield myself 2 minutes and 30 seconds.

Mr. Chairman, in disagreeing with my colleague, the gentleman from Oregon, first, public health and safety is fully protected under this amendment. Crop protection could go forward. What we are targeting is ineffective, lethal, indiscriminate predator control by what is now called the Wildlife Service, and it used to be called Animal Damage Control.

After 50 years, more than 50 years of their activity, there are more coyotes now than there were 50 years ago, because they are doing the wrong thing with their indiscriminate attack. We also have problems with rodents and ground squirrels and mice and all the other things that coyotes would predate upon, preferably to the larger livestock.

We should follow the example of Kansas. Kansas is not sucking up $1 million of Federal money, like a lot of our other Midwestern and western States. They have instituted a State program which uses non-lethal methods, education, uses guard dogs, uses a whole bunch of other methods, much more effectively than their neighboring State of Oklahoma, which has a big coyote problem, or Wyoming, which has only half the density of coyotes, but again, much more predation. Kansas is leading the Nation in this, and they are doing it without a large Federal subsidy. This is a subsidy. It is welfare.

In my own State of Oregon, $403,000 comes from the Federal Government, $270,00 from the State, and not a penny from the beneficiaries. Not one cent is spent on this predator control program by the beneficiaries. Who should be paying? Should the general fund taxpayers of the United States, should the general fund taxpayers of Oregon, or should those who benefit from the activities?

We are not saying they cannot conduct these activities when they have a problem at their own expense, on their own property. We are saying it should not be indiscriminate, it should not be broadcast all across the West, and it should not be done by Federal agents with a subsidy.

This has become a codependent welfare subsidy where Animal Damage Control, by the Wildlife Service, is forwarding their own jobs and their own prospects by inefficiently controlling the problem and not following the path which has been laid out by the Congress, which is in the past to say, look

at nonlethal alternatives, look at more effective alternatives, because you are losing your so-called war on predators here.

This is a taxpayer issue, it is an environmental issue. I urge my colleagues to support the amendment.

Mr. SKEEN. Mr. Chairman, I yield 5 minutes to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Mr. Chairman, I thank the chairman for yielding time to me.

Mr. Chairman, I wish to rise in opposition to this amendment, though I think it has some very good intentions, and it will no doubt cause discussion inside the Wildlife Service offices across this country.

Nonetheless, it is the only Federal program that we have to control damage by wild animals, not just to farm property but to individuals.

□ 1600

I can think in my own State of Ohio, for example, this program, in cooperation with our State and local agencies, has been involved in establishing a rabies-free barrier to stop the western migration of raccoons infected with rabies.

We have seen this program operate hand in hand with the Centers for Disease Control and State health departments in control of other disease such as Lyme disease and other wildlife-borne disease. I know I am amazed myself sometimes, I live in a city, to watch city dwellers try to encourage deer to come up to their back doors, wild animals. Lyme disease all through our part of the country, and yet they do not see a connection between their behavior and the feeding that they are doing of wild animals.

Mr. Chairman, I think this is a very important program. According to Utah State University, their Institute for Wildlife Biology, overall in our country losses from wildlife damage approach $3 billion annually and fully one-third of that is estimated by the Federal Aviation Administration to be lost by the airline industry from birds.

Today, this particular amendment I think, though it is well-intentioned, would have the net effect of cutting by almost one-quarter the amount of funds we have to spend on animal damage control of our crops and of our populations.

If we take a look at the impact of this program, more than two-thirds of our Nation's farms receive some type of wildlife damage each year. Commodity crops absorb staggering losses from wildlife. These include corn, rice, sunflower, carrots, wheat, sorghum and other seed grain crops.

If we look at ducks and geese who trample, eat, and soil seed and grain crops, young growing crops such as carrots, rice and corn. Deer and smaller mammals eat corn, wheat, decorative shrubbery, sorghum, and garden vegetables.

Black bears damage timber resources by clawing the bark of young trees and disrupting the flow of nutrients necessary for proper growth. And fish-eating birds such as the great blue heron, cormorants, pelicans, and the black-crowned night heron cause aquaculturists, especially catfish and trout farmers, heavy losses each year.

There is not pure right on either side of this equation. But there is a balance which we are trying to strike here. I think that wildlife services very often provides the only viable assistance in minimizing these losses both to plant life, to other animal life, and to human life.

Mr. Chairman, I think that the gentleman from Oregon (Mr. DEFAZIO) and the gentleman from New Hampshire (Mr. BASS) are very wise in trying to encourage modern practices at the Wildlife Service. If there are better ways to deal with these wildlife populations, we certainly should be taking the best research and information into account.

I think the message has been heard loud and clear and we hope that that message will continue. But I do think that these predator control programs are very, very important. Especially living in an area that is both urban and rural, we see this all the time.

So I would object to this particular amendment and would share the view of the gentleman from New Mexico (Mr. SKEEN) that it is important that we keep the funding in the base bill and that we act responsibly to try to maintain levels for a balanced wildlife services program in our country.

Mr. BASS. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I appreciate the points that have been brought forward by the gentlewoman from Ohio (Ms. KAPTUR). I would only point out that all of the good points that she makes are portions of the program that would be totally unaffected by this amendment.

She is talking about the human health issue, about the property issue, about crop issue, about natural resources, forest range, and aquaculture. Those are all portions of the program that are separate from the livestock protection program.

What the gentleman from Oregon (Mr. DEFAZIO) and I are trying to do is cut the part that has to do with predator control on western ranches for cattle and sheep farmers. It is a $10 million subsidy to this part of the country for this handful of individuals, matched by the State. It is a large program.

Mr. Chairman, I would point out that I live on a farm in New Hampshire. We have coyotes all over the place. I lost two or three chickens last year to coyotes and nobody gave me a dime to try to get rid of them. These problems happen all over the country and we do not need a Federal subsidy to help bail us out.

Mr. Chairman, I urge support for this amendment.

Mr. SKEEN. Mr. Chairman, I yield 2 minutes to the gentleman from Washington (Mr. NETHERCUTT).

Mr. NETHERCUTT. Mr. Chairman, I thank the gentleman from New Mexico (Mr. SKEEN) for yielding me this time.

Mr. Chairman, I rise to object to this amendment because it is going to have a negative impact on the Wildlife Services Research Center and the mission of the wildlife services in my State and other Western States.

Let me just explain to my colleagues that reading from a story that appeared on June 22, Monday, in USA Today, it headlines, ''Arson Fires Ruin Two Agriculture Department Research Stations.'' The fires occurred in my State over on the west side of the State near Olympia, Washington. They were reported to cause $400,000 worth of damage to these two research facilities that are used for animal damage control. They are in the animal damage control buildings.

The buildings were gutted. This are clearly arson and the investigators are looking into the possibility that animal rights or other protest groups were involved.

So my suggestion is that this amendment sort of feeds into that idea that any research that is conducted at the Federal level that looks at animal pest control or animal predatory control is bad money expended. I reject that argument.

About a dozen State and Federal employees out of these two wildlife research centers develop repellents to keep animals such as deer, elk and beaver away from timber in the early stages of growth. So this whole idea that somehow wildlife services are bad or somehow a subsidy for the control of these kinds of problems is just wrong. I urge the rejection of this amendment.

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

Mr. Chairman, in response to the gentleman, I support the nonlethal research that was going on at that facility. That is good research. The gentleman's State does not draw hardly any funds from the lethal predator control program. In fact, out of the $10 million spent in the western United States, his State only took $106,000. So Washington is being progressive.

Mr. Chairman, I support the nonlethal, but that is not what this debate is about. The gentleman is off the point. This debate is about $10 million for ineffective, subsidized, indiscriminate lethal predator control, first response by Federal employees on private ranches for private profit. I do not know how to say it any more plainly than that.

It is not about developing alternatives. There is plenty of money left in the budget to develop alternatives. There is plenty of money left to develop the programs that the gentlewoman from Ohio (Ms. KAPTUR) reported. What we cut is $10 million, the subsidized funds, used for lethal predator control.

Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. Brown).

(Mr. BROWN of California asked and was given permission to revise and extend his remarks.)

Mr. BROWN of California. Mr. Chairman, I have historically supported this kind of amendment because I feel that the program is not effective, that it is a subsidy, that it does not do the kinds of adequate research that are necessary, and that it uses nonhumane methods. I have said this over and over again.

I am a taxpayer. I contribute to the funding of this program. I will tell my colleagues that I have coyotes, raccoons, badgers in my backyard. To say nothing of the gophers and the squirrels. And I also have raids from egrets and herons that eat up my fish and I do not like it.

Mr. Chairman, I do not get any Federal aid to control that, so it is not fair right there. If it was fair, I would be getting my full share of the funds available for the control of these animals, but it is not.

I think this $10 million cut proposed by the Bass-DeFazio amendment would be a salutary message to the program that they should begin to think in terms of being more fair or equitable, more humane, more scientific in what they were doing and they would end up being more effective.

I rise in strong support of the Bass-DeFazio amendment that cuts $10 million from the FY 99 budget for Animal Damage Control program operations. This $10 million is the amount that would be spent on direct predator control.

The amendment would not require the reduction of any ADC operations affecting human health and safety, nor will it reduce the budget for research toward more effective animal damage prevention and management.

Furthermore, this amendment doesn't even take away the authority of ADC to carry out predator control, but rather it shifts the burden from the taxpayer to the private ranchers who are reaping the benefits of this program.

This amendment even allows other agencies such as Wildlife Services, the Bureau of Land Management, and the Forest Service to cover the costs of ADC's predator control work on problems under the jurisdiction of those agencies.

The Animal Damage Control program was established in 1931 and has never had to undergo the scrutiny of reauthorization. It is obsolete, ineffective, and a perfect example of wasteful government spending.

Besides being economically wasteful, ADC is also contradicting the will of Congress in the way in which it carries out its operations. To this I am referring to ADC's extensive use of lethal controls, such as traps, snares, poisons, and aerial hunting. In 1994, several members of Congress, including myself, requested a GAO study of the ADC program. The GAO report found that ADC used lethal methods in essentially all instances despite the Department's written policies and procedures which call for preference to be given to non-lethal methods.

In addition, ADC's lethal controls are nonselective, killing thousands of non-target animals annually, including rare, threatened, and endangered species.

Even when ADC controls are successful in reducing local levels of coyotes and other large predators, the resulting rise in prey species such as mice and rabbits causes millions of dollars of damage to crops and rangelands, and the increase in mid-sized predator species (earlier held in check by large predator species) harms waterfowl and migratory bird populations.

Some of ADC's activities are valuable, such as controlling bird populations near airports to reduce the risk of collision damage with air planes, and working with the U.S. Fish and Wildlife Service to minimize landowner conflicts in states with recovering wolf populations. These activities would not be affected by this amendment.

However, most of ADC's operations amount to nothing more than federal subsidies for the western livestock industry. We spend millions of dollars every year to indiscriminately kill predators for western ranchers. This subsidy is received by livestock producers who are already receiving other substantial federal subsidies, such as reduced grazing fees on public lands.

Since ADC's costs are borne primarily by taxpayers, not the recipients of these services, there is little incentive for ranchers to improve their husbandry techniques or deter predation.

ADC official policy is to seek cost-sharing whenever possible. ADC also has the authority to levy fees for services. However, these options have not been exercised as they should be and the federal funds are always fully exhausted.

This amendment will demand that there be a more equitable distribution of costs and that these costs be covered by the users, not the American taxpayer.

Mr. SKEEN. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, looking at this amendment, I know that the drafters of the amendment have been arguing against lethal control. But if we carefully examine their amendment, we will see that they are going to cut 53 percent, or a total of $21 million from the Animal, Plant, and Health Inspection Service for the wildlife services program.

All of this talk about the lethal methods is really immaterial to what this amendment will do. They are going to destroy the opportunity of the Fish and Wildlife Service to control predatory animal problems in almost each of our 50 States if we allow this amendment to pass. We can make arguments about the different amount of control all day. But the fact is that there are various damages to the tune of estimated up to $3 billion annually that occur and this is going to continue to grow.

We as a society will continue to encroach on wildlife. We as a society will continue to have to promote and support wildlife conservation and we will continue to have to learn to allow the wildlife to live with humans and vice versa. That costs money and it costs money from the Fish and Wildlife Service.

Mr. DEFAZIO. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, in conclusion, what we are talking about here is plain and simple. A $10 million subsidy to private western ranching interests, some in my own district, so I am not cutting something in someone else's district. And to the gentleman from Texas, this is a 30 percent cut in the overall budget and it is only the funds identified by Animal Damage Control Wildlife Services as being used for the ineffective, subsidized, government-agent-run lethal predator control program in the western United States which has given us more coyotes today than when they started spending the money 60 years ago.

Mr. SKEEN. Mr. Chairman, I yield the balance of my time to the gentleman from Texas (Mr. BONILLA), to close debate.

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

Mr. BONILLA. Mr. Chairman, I rise in strong opposition to this amendment. If we support this amendment we are not supporting the safety of children in this country. This would limit our ability to use the wildlife services to protect Americans, specifically children, from predators, to lessen the risk to aviation and lessen the livestock losses sustained by American ranchers.

But more specifically, let us look at some cases where children would be hurt if this money was cut. There have been eight fatal alligator attacks in the last 50 years and three of them have occurred in the last 4 years, including the killing of a 3-year-old. A short while ago, an 18-year-old high school senior was killed by a cougar while out jogging.

Recently in Montana, the Department of Fish and Wildlife captured a cougar on a campus stroll at the University of Montana. And last year, a 4-year-old was mauled by a mountain lion in Colorado.

We have countless cases. Children traveling on aircraft, for example, would be put at risk if animal damage control were not allowed to deal with wildlife that puts aviation at risk near many of the airports in this country.

Mr. Chairman, I urge my colleagues to think seriously about what they are voting for here. A vote for this amendment is voting against the safety of children in this country.

Mr. MILLER of California. Mr. Chairman, I rise in strong support of this amendment. It cuts funding for the animal damage control portion of USDA's "Wildlife Services" Program. These are nice names for an ugly business that needlessly and painfully slaughters wildlife, excusing ranchers and farmers from the responsibility to seek more humane and creative ways to limit damage to crops and livestock from wildlife.

Today, there are a variety of low-cost, humane approaches to controlling wildlife. The trend all across the country is to try to find ways to live with wildlife, on both public and private lands. Yet USDA continues to use leghold traps, poison, and aerial gunning to kill bears, mountain lions, coyotes, and other wildlife. In addition, leghold traps and poisons are

indiscriminate methods that end up killing non-target species, including threatened and endangered species.

It is high time for Congress to stop forcing taxpayers to subsidize this senseless slaughter. This program is a throwback to a happily bygone era when we ''managed'' bison, wolves, grizzly bears, and other species by nearly extirpating them from the landscape. Shouldn't we clean house before the beginning of the 21st century and repeal this program? I urge the House to support the amendment.

Ms. FURSE. Mr. Chairman, I rise today in strong support of the Bass-DeFazio amendment. In past Agriculture Appropriations bills I myself have led the fight to curtail funds for this wasteful and abusive program. Wildlife Services, formerly known as Animal Damage Control, is an anachronism. It was created in 1931 and except for a cosmetic name change the law hasn't been changed or reformed since. This program is based on poor science, and has virtually no accountability to Congress or the general public. The program focuses excessively on lethal control, despite numerous Congressional attempts and GAO investigations to curb this practice. This program wastes taxpayer dollars and is an unnecessary and ineffective government subsidy.

Consider these facts: In every western state in FY 95, ADC spent more money controlling predators than the value of the livestock allegedly lost to predators by ADC beneficiaries.

Western livestock ranchers and ranching associations contribute less than 14 percent annually to the costs of the program. This subsidy puts livestock producers in other areas of the country at a competitive disadvantage.

Between 1983 and 1993, Federal appropriations to ADC increased 71 percent while the number of coyotes killed increased 30 percent but the number of livestock losses to predators did not decline.

From 1990–1994, ADC killed at least 7.8 million animals. This includes non-target species such as bald eagles and ferrets killed by non-selective ADC methods like poisoning, leghold traps and snares.

This amendment will not touch ADC funding to protect human health and safety or endangered species. What it will do is free taxpayers from having to foot the bill for predator control activities that benefit private ranching operations in the West—these interests are free to contract with ADC and pay for those services themselves.

This amendment is supported by taxpayer, conservation, and humane groups which object to public land subsidies that undercut the competitiveness of livestock producers in other regions of the country. Please join us in ending this inappropriate and inhumane taxpayer subsidy. Vote in favor of the Bass-DeFazio amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire (Mr. BASS).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. BASS. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to the rule, further proceedings on the amendment offered by the gentleman from New Hampshire (Mr. BASS) will be postponed.

Mr. SKEEN. Mr. Chairman, I ask unanimous consent that during the further consideration of H.R. 4101 in the Committee of the Whole, that debate on the Miller amendment related to sugar, if offered, and all amendments thereto, be limited to 60 minutes allocated as follows: 30 minutes to the gentleman from Florida (Mr. MILLER), 15 minutes to the gentleman from New Mexico, (Mr. SKEEN), and 15 minutes to the gentlewoman from Ohio (Ms. KAPTUR), or her designee.

The CHAIRMAN. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

AMENDMENT NO. 6 OFFERED BY MR. NEUMANN

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Wisconsin (Mr. NEUMANN) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate this amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This vote will be followed by a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 181, noes 244, not voting 8, as follows:

[Roll No. 258]

AYES—181

Allen
Andrews
Archer
Armey
Barr
Barrett (WI)
Bartlett
Bass
Berman
Bilbray
Blagojevich
Blumenauer
Boehlert
Borski
Brady (PA)
Brown (CA)
Brown (OH)
Burton
Campbell
Capps
Cardin
Castle
Chabot
Christensen
Collins
Cook
Cox
Coyne
Crane
Danner
Davis (IL)
DeGette
Deutsch
Dickey
Doggett
Dooley
Doyle
Duncan
Dunn
Ehlers
Ehrlich
Engel
English
Ensign
Fattah
Fawell
Forbes
Fossella
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gillmor
Goodling
Gordon
Goss
Greenwood
Gutierrez
Hall (OH)
Harman
Hayworth
Hefley
Hobson
Hoekstra
Hooley
Horn
Hostettler
Hulshof
Hutchinson
Hyde
Inglis
Jackson (IL)
Johnson (CT)
Johnson (WI)
Kanjorski
Kasich
Kennedy (MA)
Kennelly
Kind (WI)
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
Lantos
LaTourette
Lazio
Lee
Levin
Lipinski
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
McCarthy (MO)
McCarthy (NY)
McGovern
McHale
McHugh
McInnis
McIntosh
McNulty
Meehan
Menendez
Miller (CA)
Miller (FL)
Moran (VA)
Morella
Nadler
Neal
Neumann
Ney
Northup
Obey
Olver
Pallone
Pappas
Pascrell
Paul
Peterson (PA)
Petri
Pitts
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Riggs
Rivers
Roemer
Rogan
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Royce
Rush
Ryun
Salmon
Sanford
Sawyer
Scarborough
Schumer
Sensenbrenner
Shadegg
Shaw
Shays
Sherman
Skaggs
Smith (NJ)
Smith, Adam
Smith, Linda
Snowbarger
Souder
Stark
Strickland
Sununu
Tauscher
Tiahrt
Tierney
Upton
Vento
Visclosky
Wamp
Waxman
Weldon (PA)
Weygand
White
Wolf
Yates

NOES—244

Abercrombie
Ackerman
Aderholt
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barrett (NE)
Barton
Bateman
Becerra
Bentsen
Bereuter
Berry
Bilirakis
Bishop
Bliley
Blunt
Boehner
Bonilla
Bonior
Bono
Boswell
Boucher
Boyd
Brady (TX)
Brown (FL)
Bryant
Bunning
Burr
Buyer
Callahan
Calvert
Camp
Canady
Carson
Chambliss
Chenoweth
Clay
Clayton
Clement
Coble
Coburn
Combest
Condit
Conyers
Cooksey
Costello
Cramer
Crapo
Cubin
Cummings
Cunningham
Davis (FL)
Davis (VA)
Deal
DeFazio
Delahunt
DeLauro
DeLay
Diaz-Balart
Dicks
Dingell
Dixon
Doolittle
Dreier
Edwards
Emerson
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fazio
Filner
Foley
Ford
Fowler
Frost
Furse
Gejdenson
Gephardt
Gilchrest
Gilman
Goode
Goodlatte
Graham
Granger
Green
Gutknecht
Hall (TX)
Hamilton
Hansen
Hastert
Hastings (FL)
Hastings (WA)
Hefner
Herger
Hill
Hilleary
Hinchey
Hinojosa
Holden
Houghton
Hoyer
Hunter
Istook
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson, E. B.
Johnson, Sam
Jones
Kaptur
Kelly
Kennedy (RI)
Kildee
Kilpatrick
Kim
King (NY)
Kingston
Kleczka
Klink
LaHood
Lampson
Largent
Latham
Leach
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Livingston
Lucas
Manton
Martinez
Matsui
McCollum
McCrery
McDade
McDermott
McIntyre
McKeon
McKinney
Meek (FL)
Meeks (NY)
Metcalf
Mica
Millender-McDonald
Minge
Mink
Moakley
Mollohan
Moran (KS)
Murtha
Myrick
Nethercutt
Norwood
Nussle
Oberstar
Ortiz
Owens
Oxley
Packard
Parker
Pastor
Paxon
Pease
Pelosi
Peterson (MN)
Pickering
Pickett
Pombo
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Redmond
Reyes
Riley
Rodriguez
Rogers
Roybal-Allard
Sabo
Sanchez
Sanders
Sandlin
Saxton
Schaffer, Bob
Scott
Serrano
Sessions
Shimkus
Shuster
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (OR)
Smith (TX)
Snyder
Solomon
Spence
Spratt
Stabenow
Stearns
Stenholm
Stokes
Stump
Stupak
Talent
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Thurman
Towns
Traficant
Turner
Velazquez
Walsh
Waters
Watkins
Watt (NC)
Watts (OK)
Weldon (FL)
Weller
Wexler
Whitfield
Wicker
Wise
Woolsey
Wynn
Young (AK)
Young (FL)

NOT VOTING—8

Cannon
Clyburn
Gonzalez
Hilliard
Payne
Schaefer, Dan
Thompson
Torres

□ 1635

Mr. JOHN and Mr. DAVIS of Virginia changed their vote from ''aye'' to ''no.''

Mrs. LINDA SMITH of Washington and Messrs. KLUG, JACKSON of Illinois, MORAN of Virginia, STARK, NEY, DICKEY, DEUTSCH, SMITH of New Jersey, HYDE, GEKAS, COYNE, and COOK changed their vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mrs. KELLY. Mr. Chairman, on rollcall vote No. 258 I accidentally pressed the wrong button and voted ''nay.'' My intent was to vote ''aye.'' I fully support Mr. NEUMANN's amendment, and believe that the peanut program is well overdue for real reform. I request that the RECORD show that on rollcall vote No. 258, my intent was to vote ''aye.''

AMENDMENT NO. 2 OFFERED BY MR. BASS

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from New Hampshire (Mr. BASS) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 229, noes 193, not voting 11, as follows:

[Roll No. 259]

AYES—229

Abercrombie
Ackerman
Allen
Andrews
Baldacci
Barcia
Barr
Barrett (WI)
Barton
Bass
Becerra
Bereuter
Berman
Bilirakis
Blagojevich
Bliley
Blumenauer
Boehlert
Bonior
Borski
Brady (PA)
Brown (CA)
Brown (FL)
Brown (OH)
Buyer
Campbell
Capps
Cardin
Carson
Castle
Chabot
Clay
Clayton
Collins
Conyers
Costello
Cox
Coyne
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dicks
Dixon
Doggett
Doyle
Duncan
Ehlers
Ehrlich
Engel
English
Eshoo
Evans
Farr
Fattah
Fawell
Filner
Forbes
Ford
Fossella
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Furse
Gejdenson
Gephardt
Gilchrest
Gilman
Goodling
Gordon
Goss
Greenwood
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hinchey
Hinojosa
Holden
Hooley
Horn
Houghton
Hoyer
Inglis
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Klink
Kucinich
Lampson
Lantos
LaTourette
Lee
Levin
Lewis (GA)
Lipinski
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McHale
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Moran (VA)
Morella
Nadler
Neal
Neumann
Northup
Obey
Olver
Owens
Pallone
Pappas
Pascrell
Paul
Pease
Pelosi
Petri
Porter
Poshard
Price (NC)
Ramstad
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rogan
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Sabo
Sanchez
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schumer
Sensenbrenner
Serrano
Shaw
Shays
Sherman
Skaggs
Smith (NJ)
Smith, Adam
Snyder
Stabenow
Stark
Stokes
Strickland
Sununu
Tauscher
Taylor (MS)
Thurman
Tierney
Towns
Upton
Velazquez
Vento
Visclosky
Wamp
Waters
Watt (NC)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wolf
Woolsey
Wynn
Yates

NOES—193

Aderholt
Archer
Armey
Bachus
Baesler
Baker
Ballenger
Barrett (NE)
Bartlett
Bateman
Bentsen
Berry
Bilbray
Bishop
Blunt
Boehner
Bonilla
Bono
Boswell
Boucher
Boyd
Brady (TX)
Bryant
Bunning
Burr
Burton
Callahan
Calvert
Camp
Canady
Chambliss
Chenoweth
Christensen
Clement
Coble
Coburn
Combest
Condit
Cook
Cooksey
Cramer
Crane
Crapo
Cubin
Cunningham
Danner
Deal
DeLay
Dickey
Dingell
Dooley
Doolittle
Dreier
Dunn
Edwards
Emerson
Ensign
Etheridge
Everett
Ewing
Fazio
Foley
Frost
Gallegly
Ganske
Gekas
Gibbons
Gillmor
Goode
Goodlatte
Graham
Granger
Green
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Istook
Jenkins
John
Kaptur
Kasich
Kim
Kingston
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Largent
Latham
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
Lucas
Martinez
McCrery
McDade
McHugh
McInnis
McIntosh
McIntyre
McKeon
Mollohan
Moran (KS)
Murtha
Myrick
Nethercutt
Ney
Norwood
Nussle
Oberstar
Ortiz
Oxley
Packard
Parker
Pastor
Paxon
Peterson (MN)
Peterson (PA)
Pickering
Pickett
Pitts
Pombo
Pomeroy
Portman
Pryce (OH)
Quinn
Radanovich
Rahall
Redmond
Regula
Riggs
Riley
Rogers
Ryun
Salmon
Sandlin
Schaffer, Bob
Scott
Sessions
Shadegg
Shimkus
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stump
Stupak
Talent
Tanner
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Traficant
Turner
Walsh
Watts (OK)
White
Wicker
Wise
Young (AK)
Young (FL)

NOT VOTING—11

Cannon
Clyburn
Gonzalez
Hilliard
Payne
Schaefer, Dan
Slaughter
Tauzin
Thompson
Torres
Watkins

□ 1644

Mrs. CUBIN and Messrs. STEARNS, MCINTOSH and ARCHER changed their vote from ''aye'' to ''no.''

Mrs. CLAYTON changed her vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. WATKINS. Mr. Chairman, I missed rollcall No. 259. Had I been present, I would have voted ''no.''

Mr. SKEEN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. EVERETT) having assumed the chair, Mr. LAHOOD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4101) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1999, and for other purposes, had come to no resolution thereon.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3605

Mr. DINGELL. Mr. Speaker, I ask unanimous consent that the gentleman from Texas (Mr. BRADY) be removed as a cosponsor of H.R. 3605. His name was mistakenly added to the list of cosponsors. I regret the error, and I express my apologies to him.

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

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on the 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 vote, if postponed, will be taken tomorrow.

INTERNET TAX FREEDOM ACT

Mr. GEKAS. Mr. Speaker, I move to suspend the rules and pass the bill

(H.R. 4105) to establish a national policy against State and local interference with interstate commerce on the Internet, to exercise congressional jurisdiction over interstate commerce by establishing a moratorium on the imposition of exactions that would interfere with the free flow of commerce via the Internet, to establish a national policy against Federal and State regulation of Internet access and online services, and for other purposes.

The Clerk read as follows:

H.R. 4105

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 ''Internet Tax Freedom Act''.

SEC. 2. MORATORIUM ON CERTAIN TAXES.

(a) AMENDMENT.—Title 4 of the United States Code is amended by adding at the end the following:

''CHAPTER 6—MORATORIUM ON CERTAIN TAXES

''Sec.
''151. Moratorium.
''152. Advisory commission on electronic commerce.
''153. Legislative recommendations.
''154. Expedited consideration of legislative recommendations.
''155. Definitions.

''§ 151. Moratorium

''(a) MORATORIUM.—For a period of 3 years following the date of the enactment of this chapter, neither any State, nor any political subdivision thereof, shall impose, assess, collect, or attempt to collect—

''(1) taxes on Internet access;

''(2) bit taxes; or

''(3) multiple or discriminatory taxes on electronic commerce.

''(b) EXCEPTION TO MORATORIUM.—(1) Subject to paragraph (2), the moratorium in subsection (a)(1) shall not apply to the following taxes (as applicable), as in effect on the date of the enactment of this chapter, on Internet access:

''(A) STATE OF CONNECTICUT.—Section 12–407(2)(i)(A) of the General Statutes of Connecticut.

''(B) STATE OF WISCONSIN.—Section 77.52(2)(a)5 of the Wisconsin Statutes (1995–96).

''(C) STATE OF IOWA.—Section 422.43(1) of the Code of Iowa (1997).

''(D) STATE OF NORTH DAKOTA.—North Dakota Century Code 57–39.2 and 57–34.

''(E) STATE OF SOUTH DAKOTA.—South Dakota Codified Law Annotated 10–45–5.

''(F) STATE OF NEW MEXICO.—New Mexico Statutes Annotated 7–9–3.

''(G) STATE OF TENNESSEE.—Tennessee Code Annotated 67–6–221, 67–6–102(23)(iii), and 67–6–702(g).

''(H) STATE OF OHIO.—Chapter 5739 of the Ohio Revised Code.

''(2)(A) Paragraph (1) shall apply with respect to a tax referred to in such paragraph only if the referenced State enacts, during the 1–year period beginning on the date of the enactment of this chapter, a law to expressly affirm that such tax is imposed on Internet access.

''(B) A State that satisfies the requirement specified in subparagraph (A) shall be deemed to have satisfied such requirement immediately after the enactment of this chapter, except that such State may not impute penalties or interest on any tax accrued during the period beginning on the date of the enactment of this Act and ending on the date such State satisfies such requirement.

''(c) APPLICATION OF MORATORIUM.—Subsection (a) shall not apply with respect to the provision of Internet access that is offered for sale as part of a package of services that includes services other than Internet access, unless the service provider separately states that portion of the billing that applies to such services on the user's bill.

''§ 152. Advisory Commission on Electronic Commerce

''(a) ESTABLISHMENT OF COMMISSION.—There is established a temporary commission to be known as the Advisory Commission on Electronic Commerce (in this chapter referred to as the 'Commission'). The Commission shall—

''(1) be composed of 31 members appointed in accordance with subsection (b), including the chairperson who shall be selected by the members of the Commission from among individuals specified in subsection (b); and

''(2) conduct its business in accordance with the provisions of this chapter.

''(b) MEMBERSHIP.—

''(1) IN GENERAL.—The Commissioners shall serve for the life of the Commission. The membership of the Commission shall be as follows:

''(A) Three representatives from the Federal Government comprised of the Attorney General, the Secretary of Commerce, and the Secretary of the Treasury, or their respective representatives.

''(B) Fourteen representatives from State, local, and county governments comprised of 2 representatives each from the National Governors' Association, the National Conference of State Legislatures, the Council of State Governments, the National Association of Counties, the National League of Cities, and the United States Conferences of Mayors; and 1 representative each from the International City/County Management Association and the American Legislative Exchange Council.

''(C) Fourteen representatives of taxpayers and business—

''(i) 7 of whom shall be appointed jointly by the Speaker of the House of Representatives and the majority leader of the Senate, of whom 3 shall be individuals employed by or affiliated with persons engaged in providing Internet access or communications or transactions that use the Internet, 3 shall be individuals employed by or affiliated with persons engaged in electronic commerce (including at least 1 who is employed by or affiliated with a person also engaged in mail order commerce), and 1 shall be an individual employed by or affiliated with a person engaged in software publishing; and

''(ii) 7 of whom shall be appointed jointly by the minority leader of the House of Representatives and the minority leader of the Senate, of whom 3 shall be individuals employed by or affiliated with persons engaged in providing Internet access or communications or transactions that use the Internet, 3 shall be individuals employed by or affiliated with persons engaged in electronic commerce (including at least 1 who is employed by or affiliated with a person also engaged in mail order commerce), and 1 shall be an individual employed by or affiliated with a person engaged in software publishing.

''(2) APPOINTMENTS.—Appointments to the Commission shall be made not later than 45 days after the date of enactment of this chapter. The chairperson shall be selected not later than 60 days after the date of the enactment of this chapter.

''(c) ACCEPTANCE OF GIFTS AND GRANTS.—The Commission may accept, use, and dispose of gifts or grants of services or property, both real and personal, for purposes of aiding or facilitating the work of the Commission. Gifts or grants not used at the expiration of the Commission shall be returned to the donor or grantor.

''(d) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, data, and other information from the Department of Justice, the Department of Commerce, and the Department of the Treasury. The Commission shall also have reasonable access to use the facilities of the Department of Justice, the Department of Commerce, and the Department of the Treasury for purposes of conducting meetings.

''(e) SUNSET.—The existence of the Commission shall terminate—

''(1) when the last of the committees of jurisdiction referred to in section 154 concludes consideration of the legislation proposed under section 153; or

''(2) 3 years after the date of the enactment of this chapter;

whichever occurs first.

''(f) RULES OF THE COMMISSION.—

''(1) Sixteen members of the Commission shall constitute a quorum for conducting the business of the Commission.

''(2) Any meetings held by the Commission shall be duly noticed at least 14 days in advance and shall be open to the public.

''(3) The Commission may adopt other rules as needed.

''(g) DUTIES OF THE COMMISSION.—The duties of the Commission, to be carried out in consultation with the National Tax Association Communications and Electronic Commerce Tax Project, and other interested persons, may include—

''(1) conducting a thorough study of State and local taxation of transactions using the Internet and Internet access;

''(2) examining the collection and administration of consumption taxes on remote commerce in other countries and the United States, and the impact of such collection on the global economy;

''(3) examining the advantages and disadvantages of authorizing States and local governments to require remote sellers to collect and remit sales and use taxes;

''(4) proposing a uniform system of definitions of remote and electronic commerce that may be subject to sales and use tax within each State;

''(5) examining model State legislation relating to taxation of transactions using the Internet and Internet access, including uniform terminology, definitions of the transactions, services, and other activities that may be subject to State and local taxation, procedural structures and mechanisms applicable to such taxation, and a mechanism for the resolution of disputes between States regarding matters involving multiple taxation;

''(6) examining a simplified system for administration and collection of sales and use tax for remote commerce, that incorporates all manner of making consumer payments, that would provide for a single statewide sales or use tax rate (which rate may be zero), and would establish a method of distributing to political subdivisions within each State their proportionate share of such taxes, including an examination of collection of sales or use tax by small volume remote sellers only in the State of origin;

''(7) examining ways to simplify the interstate administration of sales and use tax on remote commerce, including a review of the need for a single or uniform tax registration, single or uniform tax returns, simplified remittance requirements, and simplified administrative procedures;

''(8) examining the need for an independent third party collection system that would utilize the Internet to further simplify sales and use tax administration and collection;

''(9) reviewing the efforts of States to collect sales and use taxes owed on purchases

from remote sellers, as well as review the appropriateness of increased activities by States to collect sales and use taxes directly from customers of remote sellers;

''(10) examining the level of contacts sufficient to permit a State to impose a sales or use tax on remote commerce that would subject a remote seller to collection obligations imposed by the State, including—

''(A) the definition of a level of contacts below which a State may not impose collection obligations on a remote seller;

''(B) whether or not such obligations are applied in a nondiscriminatory manner with respect to nonremote transactions; and

''(C) the impact of such obligation on small business remote sellers;

''(11) examining making permanent the temporary moratorium described in section 151 with respect to Internet access as well as such other taxes that the Commission deems appropriate;

''(12) examining ways to simplify State and local taxes imposed on the provision of telecommunications services;

''(13) requiring the Commission to hold a public hearing to provide an opportunity for representatives of the general public, taxpayer groups, consumer groups, State and local government officials, and tax-supported institutions to testify; and

''(14) examining other State and local tax issues that are relevant to the duties of the Commission.

''(h) FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act shall not apply with respect to the Commission.

''§ 153. Legislative recommendations

''(a) TRANSMISSION OF PROPOSED LEGISLATION.—Not later than 2 years after the date of the enactment of this chapter, the Commission shall transmit to the President and the Congress proposed legislation reflecting any findings concerning the matters described in such section.

''(b) CONTENTS OF PROPOSED LEGISLATION.—The proposed legislation submitted under subsection (a) by the Commission shall have been agreed to by at least 19 members of the Commission and may—

''(1) define with particularity the level of contacts between a State and remote seller that the Commission considers sufficient to permit a State to impose collection obligations on the remote seller and the level of contacts which is not sufficient to impose collection obligations on remote sellers;

''(2) provide that if, and only if, a State has adopted a single sales and use tax rate for remote commerce and established a method of distributing to its political subdivisions their proportionate share of such taxes, and adopted simplified procedures for the administration of its sales and use taxes, including uniform registration, tax returns, remittance requirements, and filing procedures, then such State should be authorized to impose on remote sellers a duty to collect sales or use tax on remote commerce;

''(3) provide that, effective upon the expiration of a 4-year period beginning on the date of the enactment of such legislation, a State that does not have in effect a single sales and use tax rate and simplified administrative procedures shall be deemed to have in effect a sales and use tax rate on remote commerce equal to zero, until such time as such State does adopt a single sales and use tax rate and simplified administrative procedures;

''(4) include uniform definitions of categories of property, goods, services, or information subject to, or exempt from, sales and use taxes;

''(5) make permanent the temporary moratorium described in section 151 with respect to Internet access, as well as such other taxes (including those described in section 151) that the Commission deems appropriate;

''(6) provide a mechanism for the resolution of disputes between States regarding matters involving multiple taxation; and

''(7) include other provisions that the Commission deems necessary.

''(c) RECOMMENDATIONS OF THE PRESIDENT.—Not later than 45 days after the receipt of the Commission's legislative proposals, the President shall review such proposals and submit to the Congress such policy recommendations as the President deems necessary or expedient.

''§ 154. Expedited consideration of legislative recommendations

''(a) Not later than 90 legislative days after the transmission to the Congress by the Commission of the proposed legislation described in section 153, such legislation shall be considered by the respective committees of jurisdiction within the House of Representatives and the Senate, and, if reported, shall be referred to the proper calendar on the floor of each House for final action.

''(b) For purposes of this section, the 90-day period shall be computed by excluding—

''(1) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die; and

''(2) any Saturday and Sunday, not excluded under paragraph (1), when either House is not in session.

''§ 155. Definitions

''For the purposes of this chapter:

''(1) BIT TAX.—The term 'bit tax' means any tax on electronic commerce expressly imposed on or measured by the volume of digital information transmitted electronically, or the volume of digital information per unit of time transmitted electronically, but does not include taxes imposed on the provision of telecommunications services.

''(2) COMPUTER SERVER.—The term 'computer server' means a computer that functions as a centralized provider of information and services to multiple recipients.

''(3) DISCRIMINATORY TAX.—The term 'discriminatory tax' means—

''(A) any tax imposed by a State or political subdivision thereof on electronic commerce that—

''(i) is not generally imposed and legally collectible by such State or such political subdivision on transactions involving similar property, goods, services, or information accomplished through other means;

''(ii) is not generally imposed and legally collectible at the same rate by such State or such political subdivision on transactions involving similar property, goods, services, or information accomplished through other means, unless the rate is lower as part of a phase-out of the tax over not more than a 5-year period;

''(iii) imposes an obligation to collect or pay the tax on a different person or entity than in the case of transactions involving similar property, goods, services, or information accomplished through other means; or

''(iv) establishes a classification of Internet access provider for purposes of establishing a higher tax rate to be imposed on such providers than the tax rate generally applied to providers of similar information services delivered through other means; or

''(B) any tax imposed by a State or political subdivision thereof, if—

''(i) the use of a computer server by a remote seller to create or maintain a site on the Internet is considered a factor in determining a remote seller's tax collection obligation; or

''(ii) a provider of Internet access is deemed to be the agent of a remote seller for determining tax collection obligations as a result of—

''(I) the display of a remote seller's information or content on the computer server of a provider of Internet access; or

''(II) the processing of orders through the computer server of a provider of Internet access;

''(4) ELECTRONIC COMMERCE.—The term 'electronic commerce' means any transaction conducted over the Internet or through Internet access, comprising the sale, lease, license, offer, or delivery of property, goods, services, or information, whether or not for consideration, and includes the provision of Internet access.

''(5) INFORMATION SERVICES.—The term 'information services' has the meaning given such term in section 3(20) of the Communications Act of 1934 as amended from time to time.

''(6) INTERNET.—The term 'Internet' means the combination of computer facilities and electromagnetic transmission media, and related equipment and software, comprising the interconnected worldwide network of computer networks that employ the Transmission Control Protocol/Internet Protocol, or any predecessor or successor protocol, to transmit information.

''(7) INTERNET ACCESS.—The term 'Internet access' means a service that enables users to access content, information, electronic mail, or other services offered over the Internet, and may also include access to proprietary content, information, and other services as part of a package of services offered to consumers. Such term does not include telecommunications services.

''(8) MULTIPLE TAX.—The term 'multiple tax' means:

''(A) Any tax that is imposed by one State or political subdivision thereof on the same or essentially the same electronic commerce that is also subject to another tax imposed by another State or political subdivision thereof (whether or not at the same rate or on the same basis), without a credit (for example, a resale exemption certificate) for taxes paid in other jurisdictions. The term 'multiple tax' shall not include a sales or use tax imposed by a State and 1 or more political subdivisions thereof pursuant to a law referred to in section 151(b)(1) on the same electronic commerce or a tax on persons engaged in electronic commerce which also may have been subject to a sales or use tax thereon. For purposes of this subparagraph, the term 'sales or use tax' means a tax that is imposed on or incident to the sale, purchase, storage, consumption, distribution, or other use of tangible personal property or services as may be defined by laws imposing such tax and which is measured by the amount of the sales price or other charge for such property or service); or

''(B) Any tax on Internet access if the State or political subdivision thereof classifies such Internet access as telecommunications or communications services under State law and such State or political subdivision thereof has also imposed a tax on the purchase or use of the underlying telecommunications services that are used to provide such Internet access without allowing a credit for other taxes paid, a sale for resale exemption, or other mechanism for eliminating duplicate taxation.

''(9) REMOTE COMMERCE.—The term 'remote commerce' means the sale, lease, license, offer, or delivery of property, goods, services, or information by a seller in 1 State to a purchaser in another State.

''(10) REMOTE SELLER.—The term 'remote seller' means a person who sells, leases, licenses, offers, or delivers property, goods, services, or information from one State to a purchaser in another State.

''(11) STATE.—The term 'State' means any of the several States, the District of Columbia, or any territory or possession of the United States.

''(12) TAX.—The term 'tax' means—

''(A) any levy, fee, or charge imposed under governmental authority by any governmental entity; or

''(B) the imposition of or obligation to collect and to remit to a governmental entity any such levy, fee, or charge imposed by a governmental entity.

Such term does not include any franchise fees or similar fees imposed by a State or local franchising authority, pursuant to section 622 or 653 of the Communications Act of 1934.

''(13) TELECOMMUNICATIONS SERVICES.—The term 'telecommunications services' has the meaning given such term in section 3(46) of the Communications Act of 1934, as amended from time to time.''.

(b) CONFORMING AMENDMENT.—Title 4 of the United States Code is amended in the table of chapters by adding at the end the following:

''6. Moratorium on Certain Taxes ..... 151''.

SEC. 3. PROVISION OF INTERNET ACCESS AND ONLINE SERVICES.

Title II of the Communications Act of 1934 is amended by inserting after section 230 (47 U.S.C. 230) the following new section:

''SEC. 231. PROHIBITION ON REGULATION OF INTERNET ACCESS AND ONLINE SERVICES.

''(a) PROHIBITION.—The Commission shall have no authority or jurisdiction under this title or section 4(i), nor shall any State commission have any authority or jurisdiction, to regulate the prices or charges paid by subscribers for Internet access or online services.

''(b) PRESERVATION OF AUTHORITY.—Nothing in this subsection shall limit or otherwise affect—

''(1) the Commission's or State commissions' implementation of the Telecommunications Act of 1996 (Public Law 104–104) or the amendments made by such Act; and

''(2) the Commission's or State commissions' authority to regulate telecommunications carriers that offer Internet access or online services in conjunction with the provision of any telephone toll, telephone exchange, or exchange access services as such terms are defined in title I.

''(c) DEFINITIONS.—As used in this section:

''(1) INTERNET.—The term 'Internet' means the combination of computer facilities and electromagnetic transmission media, and related equipment and software, comprising the interconnected world-wide network of computer networks that employ the Transmission Control Protocol/Internet Protocol, or any predecessor or successor protocol, to transmit information.

''(2) INTERNET ACCESS.—The term 'Internet access' means a service that enables users to access content, information, and other services offered over the Internet, but does not mean a telecommunications service.

''(3) ONLINE SERVICE.—The term 'online service' means the offering or provision of Internet access with the provision of other information services.''.

SEC. 4. FEDERAL REGULATORY FEES.

(a) NO REGULATORY FEES.—Section 9(h) of the Communications Act of 1934 (47 U.S.C. 159(h)) is amended by inserting ''; or (3) providers of Internet access or online service'' after ''(47 C.F.R. Part 97)'' .

(b) CONFORMING AMENDMENT.—Section 9(h) of the Communications Act of 1934 (47 U.S.C. 159(h)) is amended by striking ''or'' that appears before ''(2)''.

(c) DETERMINATION.—Not later than 1 year after the date of the enactment of this Act, the National Telecommunications and Information Administration shall determine whether any direct or indirect Federal regulatory fees, other than the fees identified in subsection (a), are imposed on providers of Internet access or online services, and if so, make recommendations to the Congress regarding whether such fees should be modified or eliminated.

SEC. 5. REPORT ON FOREIGN COMMERCE.

(a) CONTENTS OF REPORT.—In order to promote electronic commerce, the Secretary of Commerce, in consultation with appropriate committees of the Congress, shall undertake an examination of—

(1) barriers imposed in foreign markets on United States providers of property, goods, services, or information engaged in electronic commerce and on United States providers of telecommunications services;

(2) how the imposition of such barriers will affect United States consumers, the competitiveness of United States citizens providing property, goods, service, or information in foreign markets, and the growth and maturing of the Internet; and

(3) what measures the Government should pursue to foster, promote, and develop electronic commerce in the United States and in foreign markets.

(b) PUBLIC COMMENT.—For purposes of this section, the Secretary of Commerce shall give all interested persons an opportunity to comment on the matters identified in subsection (a) through written or oral presentations of data, views, or arguments.

(c) TRANSMITTAL TO THE PRESIDENT.—Not later than 18 months after the date of the enactment of this Act, the Secretary of Commerce shall transmit to the President a report containing the results of the examination undertaken in accordance with subsection (a).

(d) RECOMMENDATIONS OF THE PRESIDENT.—Not later than 2 years and 45 days after the date of the enactment of this Act, the President shall review the report described in subsection (c) and submit to the appropriate committees of Congress such policy recommendations as the President deems necessary or expedient.

SEC. 6. DECLARATION THAT THE INTERNET SHOULD BE FREE OF FOREIGN TARIFFS, TRADE BARRIERS, AND OTHER RESTRICTIONS.

It is the sense of the Congress that the President should seek bilateral and multilateral agreements to remove barriers to global electronic commerce, through the World Trade Organization, the Organization for Economic Cooperation and Development, the International Telecommunications Union, the Asia Pacific Economic Cooperation Council, the Free Trade Area of the Americas, and other appropriate international fora. Such agreements should require, inter alia, that the provision of Internet access or online services be free from undue and discriminatory regulation by foreign governments and that electronic commercial transactions between United States and foreign providers of property, goods, services, and information be free from undue and discriminatory regulation, international tariffs, and discriminatory taxation.

SEC. 7. NO EXPANSION OF TAX AUTHORITY.

Nothing in this Act shall be construed to expand the duty of any person to collect or pay taxes beyond that which existed immediately before the date of the enactment of this Act.

SEC. 8. PRESERVATION OF AUTHORITY.

Nothing in this Act shall limit or otherwise affect the implementation of the Telecommunications Act of 1996 (Public Law 104–104) or the amendments made by such Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Pennsylvania (Mr. GEKAS) and the gentleman from Michigan (Mr. CONYERS) each will control 20 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GEKAS).

GENERAL LEAVE

Mr. GEKAS. 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 Pennsylvania?

There was no objection.

Mr. GEKAS. Mr. Speaker, I yield 10 minutes to the gentleman from Virginia (Mr. BLILEY) and ask unanimous consent that he may be permitted to yield blocks of time therefrom.

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

There was no objection.

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

Mr. Speaker, I urge support for this piece of legislation. Everyone in the world knows that the Internet is a magic system that impacts upon every life on the planet in one way or another. The simple transfer of information in so many different ways and in every field of human endeavor gives great promise for the future. Indeed, the real problem is how long government and its influence can be properly visited upon this Internet system, and therein lies the problem. What if anything should be done to allow taxes or taxation or a series of taxes on the access to the Internet? That is a central problem.

We have grappled with that for quite some time, and the central issue has become whether or not we should take our time and really study the issue before we look into that dark realm of taxation as it pertains to the Internet. So the parties have agreed, to a great extent, for the extension of a moratorium on any further action before we really search out the facts in this.

Mr. Speaker, I am certain that the gentleman from Virginia (Mr. BLILEY) will be telling us more about how the moratorium is to be framed and what benefit that will be to the Congress. In the meantime, I want to thank everyone who had something to do with this legislation, including those who testified at the hearing that we held on this matter, representing the several States, the private sector, the executive branch and Members of Congress like the gentleman from California (Mr. COX) who have had a searching inquiry into this piece of legislation.

Mr. Speaker, I include the following letter for the RECORD:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RULES,
Washington, DC, June 23, 1998.

HON. NEWT GINGRICH,
House of Representatives, Washington, DC.

DEAR MR. SPEAKER: I ask that the Committee on Rules be discharged from further consideration of H.R. 4105, the Internet Tax

Freedom Act. As you know, the bill was sequentially referred to the Rules Committee on June 22, 1998.

Specifically, the provisions of Section 154, Expedited Consideration of Legislative Recommendations, fall solely within the jurisdiction of the Committee on Rules. Although the Rules Committee has not exercised its original jurisdiction prerogatives on this legislation, the Committee has discussed these provisions with the other committees of jurisdiction, namely the Commerce and Judiciary Committees. Also, it is the understanding of the Rules Committee that the Leadership intends to schedule this bill for floor consideration in the near future. In recognition of these facts, I request that the Rules Committee be discharged from further consideration of this bill.

Nevertheles, I reserve the jurisdiction of the Committee on Rules over all bills relating to the rules, joint rules and the order of business of the House, including any bills containing expedited procedures. However, it would also be my intention to have the Rules Committee represented on any conference committee on this bill.

Thank you for consideration.

Sincerely,

GERALD B.H. SOLOMON,
Chairman.

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

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

Mr. Speaker, I strongly support the Internet Tax Freedom Act. Electronic commerce over the Internet is one of today's most dynamic and important business segments. By approving this bill, the Congress will be taking yet another strong action to protect and foster the so-called information superhighway. The Committee on the Judiciary has already approved on a bipartisan basis bills protecting copyright in cyberspace and eliminating burdensome encryption controls. This bill will help ensure that State taxes do not impede the vibrancy or growth of the Internet.

The Internet Tax Freedom Act ensures that States do not enact discriminatory or double taxes which discourage the use of the Internet. At the same time, the substitute protects the States' legitimate rights to tax Internet sales transactions in the same manner they tax the sale of ordinary goods.

We also create a moratorium on new taxes on access to the Internet. Currently a complex patchwork of State and local laws creates an impossible situation for online service providers in determining who to tax and to whom to remit. There is also a grandfather clause that will allow current taxes to stay in place if States reaffirm within the 1-year period.

We also set up a balanced commission of representatives from the Federal Government, the States and industry to help develop a coherent blueprint for interstate taxation of Internet transactions and mail order goods in the future. The bill grandfathers those States which currently tax Internet access.

The legislation we are considering today is almost identical to the version approved by the Committee on the Judiciary on a bipartisan basis and reflects substantial negotiation between the interested parties. I thank all of the participants in this important measure.

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

Mr. BLILEY. Mr. Speaker, I yield 2 minutes to the gentleman from Washington (Mr. WHITE), a member of the committee who has worked very hard on this legislation.

Mr. WHITE. Mr. Speaker, I thank the gentleman from Virginia for yielding me this time and especially for taking me out of order. I appreciate that very much.

Mr. Speaker, we have a short window of opportunity on almost all the issues associated with the Internet to do the right thing. The Internet is so new. It is not yet subject to all the special interests who want to twist our policy one way or another. And so we have a short period of time to establish some good, clear, fundamental principles that will help us guide the development of the Internet for a long period of time. We have got a short period because it is not too long, even in the case of the Internet, until the special interests take over.

I would have to say, Mr. Speaker, that in this particular case, we almost missed that window, because if we let this process go on too much longer, our bill would be watered down more, there will be more exceptions, and the next thing we know, the 30,000 local taxing jurisdictions around this country will be able to do whatever they want to with the Internet. We want them to get tax revenue from the Internet but we want them to do it in the right way. That is why it is high time for us to pass this legislation.

Mr. Speaker, this is a good bill. We should pass it. But it is not a perfect bill. I certainly have some reservations about parts of it. We started off with a 6 or 7-year moratorium. We have shortened that substantially. We now have a commission that in addition to looking at just Internet specific issues is going to be looking at all the remote commerce issues. I frankly think that is a little bit of a troubling concept. But by and large it is high time for us to get this done. If we do not take advantage of this window, the window will close and we will never be able to do anything. I urge my colleagues to support this bill.

Mr. CONYERS. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. NADLER) the ranking member on the Judiciary subcommittee for our efforts here today.

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

Mr. NADLER. Mr. Speaker, I rise in support of the Internet Tax Freedom Act. This legislation is the product of long and careful negotiations between the States and the emerging Internet businesses. It strikes a careful balance between the right of States and local jurisdictions to tax commerce within their borders and the need to protect new and developing businesses from discriminatory and multiple overlapping taxes.

□ 1700

It contains a moratorium of limited duration and provides for a balanced commission to study the very complicated questions involved in taxing these new types of transactions. That commission will report back to Congress, and we will then have the benefit of their work to consider how best to proceed in this new arena.

Congress should tread very carefully when it intrudes into areas involving State power to tax, but it is also the responsibility of the Federal Government to ensure that interstate commerce is not overwhelmed by local taxes which cumulatively could have a disastrous national impact. This legislation strikes an appropriate balance between these important concerns and sets the stage for more thoughtful and careful look at this question. Most importantly, it ensures that the Internet will be free to develop and to continue as a vital new force in the economy, and I congratulate those on the committee and on the Committee on Commerce who have worked on it, and I urge its adoption.

Mr. GEKAS. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. CHABOT) one of the members of the committee who has been one of the leaders in creating the momentum that brought us to this floor.

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

Mr. CHABOT. Mr. Speaker, I rise in strong support of this bipartisan legislation, and I would like to thank the gentleman from California (Mr. Cox) and the gentleman from Illinois (Mr. HYDE) and the gentleman from Pennsylvania (Mr. GEKAS) and many others who have worked diligently on this particular legislation. I believe that it is important that we move this legislation forward quickly and enact some type of Internet tax moratorium as soon as possible. Many of us are concerned that many of the 30,000 State and local governments who are beginning to explore the possibility of imposing significant taxes and regulations on the Internet might do so, thus severely hampering the ability of this exciting medium to expand in the future.

Mr. Speaker, the Internet is a rapidly growing high-tech industry that many feel represents the future of commerce. In fact, with sales through the Internet expected to reach as high as $600 billion by the year 2002, the Internet provides American companies, consumers and taxpayers opportunities that were inconceivable just a few years ago.

I would again like to emphasize that this legislation represents a compromise. There are still some issues of

contention that remain. For example, I am not completely comfortable with the grandfather clause. I am concerned because if this provision remains, it will reward a handful of State tax administrators who rushed to tax the Internet access, placing the cost of Internet access out of reach of many American families.

We took a step in the right direction in the Committee on the Judiciary by stripping out the grandfather exception for cities, but more work needs to be done. I hope that our colleagues in the other body act to further restrict the ability of States to re-enact these taxes. Mr. Speaker, hard-working Ohioans currently pay roughly $30 million in taxes annually for the privilege of signing on to the Internet, and I would like to see those taxes cut, not codified.

Again, I urge my colleagues to support this bipartisan, pro-Internet, pro-taxpayer legislation, and I again thank the gentleman from California (Mr. COX), the gentleman from Pennsylvania (Mr. GEKAS) and the gentleman from Illinois (Mr. HYDE) and many others.

Mr. CONYERS. Mr. Speaker, I ask unanimous consent that the ranking member, the gentleman from New York (Mr. NADLER) be permitted to manage the bill from this point on and control the time.

The SPEAKER pro tempore (Mr. EVERETT). Is there objection to the request of the gentleman from Michigan?

There was no objection.

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

Mr. BLILEY. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I rise in support of H.R. 4105, the Internet Tax Freedom Act. The Committee on Commerce is engaged in an extensive review of all electronic commerce issues. We have been gathering information from Federal and State agencies, holding hearings and moving legislative proposals that stimulate the development of an electronic market place for the next century. Consideration of H.R. 4105 today is consistent with our overall electronic commerce agenda, and the legislation will set an invaluable precedent on how Internet-related activities should be addressed in the future.

At a recent hearing we were told that electronic commerce is predicted to grow at an incredible pace in the near future, doubling every year. Estimates of the total value of economic activity conducted electronically for the year 2002 ranged from $200 billion to more than $500 billion. Compare these figures with a mere $2.6 billion of economic activity in 1996. Clearly this level of economic activity will have significant impact on job growth in the United States.

As the Committee on Commerce explores ways to promote electronic commerce, we must also identify potential burdens. H.R. 4105 addresses two of them, unnecessary regulations and excessive taxation.

As a result of the Federal Government largely staying out of the way, we are seeing the development and growth of new markets for Internet access and on-line services. These markets are fully competitive today, and consumers have more choice than ever in selecting access providers and in selecting providers of general or proprietary information. The last thing we need right now is for Federal and State governments to interfere with the development of these markets. H.R. 4105 makes a preemptive strike against such government interference with the Internet.

The other potentially burdensome situation for electronic commerce is State and local taxation. Many States have found ways to tax Internet-related activities, and they do so in an inconsistent manner. For example, some States tax Internet access as computer and data processing services. Other States tax it as either a telecommunications service or information service.

These classification differences are only part of the problem. Given the way data is transmitted over the Internet, some States have challenged fundamental constitutional doctrines in order to assert substantial nexus over out-of-state vendors. Because of these problems, many executives have argued that the taxation of Internet-related activities is the single most significant impediment to the development of electronic commerce in the United States.

H.R. 4105 presents a balanced approach between regulation and taxation of Internet access, on-line services and electronic commerce. It prohibits the FCC and States from regulating the prices of Internet access and on-line services. It also calls for a time out on taxing the Internet and asks for a group of experts to be assembled to study long-term solutions on Internet taxation issues.

I would like to thank the chairman, the gentleman from Illinois (Mr. HYDE), for his leadership on this matter and for sustaining the bill's momentum. I would also like to thank the gentleman from Louisiana (Mr. TAUZIN) and the gentleman from California (Mr. COX) and the gentleman from Washington (Mr. WHITE) for their dedication, and I look forward to working with the other Members as we continue to move the bill through the legislative process.

Mr. NADLER. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. MARKEY).

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

Mr. Speaker, I rise in support of this legislation. I want to commend the gentleman from Virginia (Mr. BLILEY), the gentleman from Michigan (Mr. DINGELL), and the gentleman from Louisiana (Mr. TAUZIN) of the Subcommittee on Telecommunications for their work on this issue, and to single out the gentleman from California (Mr. COX) for his leadership on this issue, along with the gentleman from Michigan (Mr. CONYERS) and others, including the gentleman from New York (Mr. NADLER), because we really have put something together here that I think really moves along the discussion on this issue. And I would like to single out Senator WYDEN over on the Senate side, as well, who introduced legislation to this effect with the gentleman from California (Mr. COX) last year.

During the Committee on Commerce consideration of this legislation I expressed support for a moratorium on new Internet-specific taxes, but at the time I believed that the bill needed to be clearer in its scope and its definitions to ensure that no unintended harm was done in the process to any Federal or State regulatory authority to fully implement the provisions of the Telecommunications Act of 1996. All the regulatory fees, tax provisions and, in particular, the universal service provisions of the Telecommunications Act that were painstakingly deliberated upon and subsequently enacted are fully protected by this savings clause contained in the pending bill before us today.

In addition we have attempted to ensure that this tax bill does not do unintended harm to telecommunications policy. I think that this goal is also achieved in the current version of the bill.

This legislation before us this afternoon has been extensively changed since it was introduced and since our initial markup in the Subcommittee on Telecommunications, Trade, and Consumer Protection. The new legislation correctly limits the tax moratorium to Internet access, and the language in the bill more carefully defines such terms so that it is clear for the purposes of this legislation that it does not encompass other activities or services such as telecommunications or telecommunication services.

Moreover, the legislation merely limits FCC and State authority to regulate prices charged directly to subscribers for Internet access or on-line services, but preserves FCC and State authority over any telecommunications carrier which bundles Internet access or on-line services in combination with telephone service.

The legislation offered this evening also fully protects universal service support mechanisms by adding the savings clause that nothing in this legislation shall limit or otherwise affect the implementation of the Telecommunications Act. The legislation makes clear that Section 254 of the Telecommunications Act, which was added by the act of 1996, is fully protected. The Telecommunications Act for the first time specifically codified the principle of universal service and delineated Federal and State responsibilities, rights and obligations for universal service support.

On the tax front the legislation now has a 3-year moratorium on taxes and Internet access.

I think we now begin the dialogue with States and municipalities and governors as this process moves forward. I want to congratulate everyone here as we move this hurry-up offense right before the Fourth of July break, but I think we have tremendous potential if the Senate acts.

GENERAL LEAVE

Mr. BLILEY. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to insert statements in the RECORD.

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

There was no objection.

Mr. BLILEY. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana (Mr. TAUZIN) the chairman of the subcommittee.

Mr. TAUZIN. I thank the gentleman for yielding this time to me.

Mr. Speaker, let me first of all thank the gentleman from Virginia (Mr. Bliley) and the chairman, the gentleman from Illinois (Mr. HYDE) for coming together on this very important piece of legislation, bringing our two committees into focus here, and to thank the gentleman from Michigan (Mr. DINGELL) and the gentleman from Massachusetts (Mr. MARKEY) for working so closely at subcommittee and full committee level with us on the Committee on Commerce to make this happen.

The first bill, as my colleagues know, was heard by the committee and reported last October, and I think in that regard historically we need to credit the gentleman from California (Mr. COX) and the gentleman from Washington (Mr. WHITE) for the 2-year effort they put into bringing this issue to the House floor today, in trying to resolve what could be a sticky problem of how to make the Internet work with E-commerce in a world of 30,000 different taxing jurisdictions.

As my colleagues know, when the computer married up with the telephone, a whole new world opened up to Americans and to the world community. All of a sudden, when computers married up to telephones, cellular telephone service and PCS service became available, and all of a sudden the whole world became a much smaller place.

Now we are beginning to see the marriage of computers and this incredible telephone industry and the television itself in a world of computers and Internet services that will increasingly bring America and the world closer in the world of commerce. We have gone from the industrial age indeed to the communications or information age, and now we are beginning to see the fruits of it in E-commerce, as electronic commerce becomes the means by which more and more Americans and citizens of this world will do business.

It is critical at this juncture just for us to call a time out to make sure that policy works, that this wonderful world of computers which has delivered so much value to Americans, which has been generally an unregulated world, which has increased in value and dimension and service not only to our citizens but to citizens of the world as it marries up to this highly-regulated world of telephones and television, that we do not make a lot of mistakes that would kill the goose that laid the golden egg.

This moratorium is critical to the progress of electronic customers. I urge the passage of this bill.

Mr. NADLER. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. LOFGREN).

Ms. LOFGREN. Mr. Speaker, I rise in support of the Internet Tax Freedom Act and urge my colleagues to support the measure.

As my colleagues know, a friend of mine in Silicon Valley that I have the privilege of representing here along with the gentlewoman from California (Ms. ESHOO), my colleague, analogized the Internet to the ''big bang'' and said that after the ''big bang'' the planets formed and we are about at that time now. The planets are just forming up after the explosion of the Internet. We do know that the Internet will change everything. It will change the way we do business, it will change the way we learn, it will change the way grandparents communicate with grandchildren.

□ 1715

It will change everything in our ordinary life, and it is absolutely essential that we do nothing to impair or hinder the growth of this wonderful technology.

I am actually very proud that we have been able to work together on a bipartisan basis in the Committee on the Judiciary as well as in the Committee on Commerce to achieve this moratorium on taxes. Like my colleague, the gentleman from Ohio (Mr. CHABOT), I do not think this measure is absolutely perfect, but it is not bad. It is certainly worthy of our support. I would hope that we can pass it promptly, and that the Senate will join with us and send it on to the President, who I know will support it as well.

I would say also just this: Having been in local government for 14 years before my service here in Congress, I do understand the bind that local governments find themselves in. So often they are scrambling for revenue to meet the tremendous service needs that they face. I am sympathetic with those needs, but I understand that really it is in no one's interest that we do anything to impair the growth of the Internet, not in the interests of cities, counties, states, the United States or any of us.

So I commend this bill. I thank my colleagues for bringing it forward.

Mr. NADLER. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. ESHOO).

Ms. ESHOO. Mr. Speaker, I rise in strong support of the Internet Tax Freedom Act, and I especially want to compliment my colleague, the gentleman from California (Mr. COX), for his tremendous efforts to get this bill to the House floor. It has not really been an easy process, even though we are all singing the praises of the bill tonight. I salute our committee chairman, the gentleman from Virginia (Mr. BLILEY), the subcommittee chairman, the gentleman from Louisiana (Mr. TAUZIN), and the ranking members.

Mr. Speaker, the legislation tackles two very complicated subjects, the Internet and taxes. To explain legislation about either one in the brief period of time is difficult enough; put them together, and the complexity increases exponentially. That is why this bill, which calls for a time-out on Internet taxation, is so important.

It is clear that precedents are already being set as taxing authorities around the country search for creative ways to define and tax the Internet. States and localities have targeted the Internet as a new resource for funds, given the tremendous growth in electronic commerce over the past few years, but it is time for the activity really to come to a stop, at least until we all have a better understanding of the ramifications that taxation will have on the future of the global information infrastructure.

Representing Silicone Valley, I can tell you that it is rare that high technology companies, particularly Internet companies, come and ask the Federal Government to become more involved in their business. When they do, it is a good indication that a problem exists that could damage the future viability of their industry, and this is an industry that represents the fastest growing segment of our economy.

So this legislation that we are considering today is a sound approach to dealing with the development of inconsistent and, in many cases, unworkable taxation of the Internet. It gives us a chance to study the issue, moving forward only when we fully understand what effects taxation will have on the development of what is becoming a global resource that must be protected.

Mr. Speaker, I urge all of my colleagues to support it.

Mr. BLILEY. Mr. Speaker, I yield the balance of my time, 3½ minutes, to the gentleman from California (Mr. COX), who has put 2 years of hard work on this to bring us to this point.

Mr. GEKAS. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. COX).

Mr. COX of California. Mr. Speaker, I thank the gentlemen for yielding me time.

Mr. Speaker, I asked for about 45 minutes so I could read the names of all the people that it is important to thank. Because I have a limited period of time, I want to thank certainly those that are here that were the leaders in the effort to bring it to the floor, in particular my chairman, the gentleman from Virginia (Mr. BLILEY), my ranking member, the gentleman from

Michigan (Mr. DINGELL), as well as the chairman of the Committee on the Judiciary, the gentleman from Illinois (Mr. HYDE), who has shown so much leadership on this, and the gentleman from Michigan (Mr. CONYERS), for their diligent efforts.

We have the subcommittee chairmen, the gentleman from Pennsylvania (Mr. GEKAS) and the gentleman from Louisiana (Mr. TAUZIN), to thank for this as well, and governors, both early on, and, eventually, almost all of them later. But early on, Governor Wilson of California, my Governor, Pete Wilson, was a leader, as were many of our statewide elected officials in this effort to prevent the Internet from being taxed; the Governor of New York, Governor Pataki; Governor Cellucci in Massachusetts, and Governor Weld before him; Governor Gilmore in Virginia, Governor Allen before him; Governor Bush in Texas; and my partner in all of these negotiations, the Governor of Utah, who also negotiated on behalf of the National Governors Association, Mike Leavitt.

This is now a consensus bill. It is a balanced approach between our national interest in preventing parochial taxation of the Internet and Federal regulation of the Internet, and the concern of State and local governments who want to make sure that they retain their prerogatives.

As we enter the Information Age, the digital age, we are establishing in law a very important principle; that information should be made available as freely and widely as possible throughout the world; it should not be taxed and it should not be regulated. This bill addresses itself to both problems.

It says not only that we will not have new special discriminatory and multiple taxes on the Internet, but also that the FCC, now the Federal Communications Commission, shall not become the ''Federal Computer Commission.'' We will not give the FCC, and we expressly state this in the legislation, the power to regulate the Internet.

Some long time ago, Michael Faraday, the very, very famous inventor, a century-and-a-half ago, had become sufficiently well-known in his own day that he won an audience with the king, King William IV. He had invented the dynamo, the first electric motor, by rotating a current-bearing wire around a magnet, and the king wanted to see him. The king was fascinated with his invention, the dynamo, but he addressed himself to Michael Faraday and said, ''But, after all, of what use is it?'' Faraday replied, ''Sir, I do not know, but of this I am certain: One day you will tax it.''

We are a long way further down the road in the revolution wrought by that wonderful revolution of electricity that Faraday helped to perfect, but, without question, the 30,000 State and local tax jurisdictions that could tax the Internet are just as anxious to, so as was the tax collector back in the days of King William IV. We are preventing that today. We might just say tonight, ''Read our e-mail; no new taxes.''

Mr. Speaker, may I just say that there is one other person that deserves thanks, who is an alumnus of this body. He is now a Senator, RON WYDEN. This is my legislation in the House, but he and I teamed up together to do this, and it is as much his idea as it is my own. I am anxious that the other body move this bill after we give it strong bipartisan if not overwhelming support here tonight and tomorrow, and I think he should be recognized for his efforts as well; an alumnus not only of the House, but of our Committee on Commerce.

Mr. NADLER. Mr. Speaker, to advance the bipartisan support for this bill, in addition to the support given by King William, I yield 2 minutes to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Speaker, I should note that my first name is also WILLIAM, and I do support this bill that puts a moratorium on taxes.

Mr. Speaker, I also want to acknowledge the leadership of the gentleman from California (Mr. COX), who has clearly played a key role in bringing forth this particular proposal. As others have indicated, we are certainly witnessing today the emergence of a vast new global electronic marketplace, which is profoundly transforming the way in which both goods and information are exchanged. Government can either foster this development through wise policies, or impede it through foolish policies. I believe, as others, that it would be very foolish for us to allow the Internet to become encumbered with a patchwork of duplicative and overlapping taxes.

The moratorium provided under the bill before us would ensure instead that policymakers have the opportunity to develop a coherent and uniform policy for the taxation of electronic commerce in the years to come.

As I noted earlier in a hearing of the subcommittee chaired by the gentleman from Pennsylvania (Mr. GEKAS) this past July, the matter is of immense importance to Massachusetts, a world leader in advanced technology, that is second only to Silicone Valley as a home to software producers and other high-tech companies. Last year, some 2,200 Massachusetts-based software companies had 130,000 employees and combined revenues of $7.8 billion. This is a large slice of our State economy and a boon to our Nation's balance of trade.

Massachusetts was among the first States to adopt legislation exempting Internet access services from State sales tax. However, until more States follow Massachusetts' lead, Internet users in the Commonwealth remain vulnerable to discriminatory taxes from jurisdictions outside our borders. That is why this particular proposal is so desperately needed, and I urge our colleagues to give it their support.

Mr. NADLER. Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, the power to tax is indeed the power to destroy. The Internet not only offers us an amazing way of communication, but it offers a tremendous potential, a revolutionary potential for electronic commerce.

With the Internet still in its rather fragile youth, hasty or excessive use of taxation could easily destroy this wonderful new wellspring of free speech and economic enterprise.

Suppose a Texan finds on the Internet a new software package that could double her business potential and decides to buy it over the Internet. She is sitting at a computer in Texas. The company which produces the product is headquartered in Washington State, and she uses an Internet server that is located in Illinois. Washington, Illinois and Texas and all of their subdivisions that are relevant have a claim to somehow tax this transaction. In a way, the transaction has taken place in each of these three States. Will my neighbor in Austin get a tax bill from all three, plus their subdivisions, or will the States somehow have to fight it out over who gets to tax the most-and-the-first test?

Well, I believe that the current situation is really a mess. We have the potential of over 30,000 jurisdictions that could be doing the taxing. If we do not enact this moratorium, it will mean up to 30,000 hands in the cookie jar, and when all these governments have taken out all the taxes they want, the consumers and the businesses who want to rely on the Internet will have only a few crumbs.

Last year, our bipartisan Information Technology Working Group that I founded with the gentleman from Virginia (Mr. DAVIS) focused attention on this problem and had experts from around the country come in and discuss it.

□ 1730

That is both in my work there and as a representative of central Texas, which is at the forefront of the high-tech economy. I have seen firsthand the tremendous economic potential of the Internet. I believe that the Internet is at its best when government interference is at its least.

The Internet is at its best only when government is at its least. We call for a time out from taxes and a time on for perfecting electronic commerce. I urge my colleagues to support this legislation, which will allow us a 3-year period in which to work together and devise a bipartisan and equitable solution to the future of electronic commerce in this country.

Mr. NADLER. Mr. Speaker, I yield 2½ minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, let me rise in support of this legislation, for if we pass this very important Internet Tax Freedom Act, the Congress will be taking yet another strong action to protect the important highway that we have all been trying to get on, and that is the information superhighway.

I am delighted for the leadership of the gentleman from California (Mr. COX) and others who have worked so very diligently on this legislation. The Committee on the Judiciary has already approved on a bipartisan basis bills protecting copyright in cyperspace and eliminating burdensome encryption controls. This bill will help ensure that State taxes do not impede the vibrancy of growth of the Internet.

However, Mr. Speaker, having come from local government, I am fully aware of the needs for local income. But it is important that States do not enact discriminatory or double taxes which discourage the use of the Internet. It is also important that we give some time, some breathing room. This bill creates a moratorium on new taxes on access to the Internet.

Currently, a complex patchwork of State and local laws create an impossible situation for online service providers in determining who to tax and whom to not tax. Let me also say, Mr. Speaker, that the grandfather clause will allow current taxes to stay in place, and if States reaffirm within one year. This is an important aspect of this legislation.

I have come from local government, being a member of the Houston City Council, and I realize how important income-enhancing activities are to our local governments. I think it is very important that this bill has in it a balanced commission which represents the Federal government, the States, and the industry, to help develop a coherent blueprint for interstate taxation of Internet transactions, mail order goods, in the future.

I am interested particularly, however, in our local city governments and our local county governments. I would like to enter into a colloquy with the gentleman from California (Mr. COX) on this very issue.

I would say to the gentleman from California, I would like to raise the question, as the gentleman well knows, in addition to States within their county and city boundaries, I have worked as a member of the National League of Cities and also with the National Conference of Mayors.

I would like to know that in the setting up of the balanced commission, we would have the opportunity to have the involvement of those organizations.

Mr. COX of California. Mr. Speaker, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from California.

Mr. COX of California. Mr. Speaker, I thank the gentlewoman for yielding to me.

The gentlewoman is exactly correct, that is the way the commission is set up. There will be 14 representatives from State, local, and county governments, including representatives from the National League of Cities, also the National Governors' Association, the National Conference of State Legislatures, the Council of State Governments, the National League of Cities, the National Association of Counties, the United States Conference of Mayors, the International City/County Management Association, and the American Legislative Exchange Council.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman.

Reclaiming my time, let me add my applause for this compromise, and the fact that we are moving into the 21st century in promoting the Internet.

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

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

Mr. NADLER. Mr. Speaker, I want to take this opportunity to say, having talked about the merits of the bill and why it is necessary, and that it is in fact a good compromise between the undoubted necessity of the States and local governments to have the ability to tax the Internet once, and the necessity on the Federal level of having a moratorium now to make sure that we do not have overlapping and commercially destructive rival taxation, this is a good bill.

I want to say a word about the process. First of all, I want to thank and congratulate the chairman of the committee, the Committee on the Judiciary, the gentleman from Illinois (Mr. HYDE), and the gentleman Pennsylvania (Mr. GEKAS) from the subcommittee, for the cooperative and bipartisan manner which this bill was moved, and the cooperation they have afforded to the gentleman from Michigan (Mr. CONYERS) as ranking member of the Committee on the Judiciary, and myself as ranking member of the subcommittee.

I also want to point out for the RECORD that this bill is entirely and completely within the jurisdiction of the Committee on the Judiciary, and that interstate taxation is within the core jurisdiction of the Committee on the Judiciary, and that the Committee on the Judiciary reported the bill to the floor, and the bill that we have before us now is virtually identical to that bill, and that the bill that the Committee on Commerce reported was stripped of all interstate taxation matters and Internet taxation matters by the Committee on the Judiciary because they have no jurisdiction, and we do not want any precedent set for the future on this bill.

So it is a good bill. I am glad some members of the Committee on Commerce cooperated on this, but the record should reflect that this bill came through the Committee on the Judiciary, and we will have a full record of the history and the extension in the RECORD, because we should not permit a further diminution or attempted diminution of the jurisdiction of the Committee on the Judiciary on this worthy bill.

I urge my colleagues to vote for this bill.

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

Mr. Speaker, the gentleman from New York is quite correct, that the process that was engaged in in order to bring us to this point was emblematic of some of the cooperation that we can determine from both sides of the aisle, and to help the public understand more of a very complex issue.

I was impressed by the witnesses that we had in our particular hearing, because they brought every single perspective possible on the whole world of Internet. That helped us to build the momentum to which I referred earlier which finally led to the compromises and the moratorium that will now be in place when we finally vote on this measure.

Mr. DAVIS of Virginia. Mr. Speaker, I rise today in strong support of H.R. 4105, the Internet Tax Freedom Act. I am proud to have been an original co-sponsor of the pre-cursor to this legislation and believe that it is crucial to the continued development of the Internet.

In the last 5 years, the growth of the Internet has created an entirely new method of communicating: electronic commerce. With this rapid growth we have seen tremendous benefits and revolutionary technology, presenting unprecedented social and economic issues. These changes are forcing national and State legislators to quickly catch up with this growth from a policy-making perspective. The taxation of everyday sales transactions presents many complex economic and constitutional issues that should be resolved in a deliberate and holistic process, rather than a patchwork of rules and court decisions that would likely accompany future efforts by State and local governments to tax Internet transactions and services.

The Internet Tax Freedom Act will give Congress and the technology industry the opportunity to examine Internet taxation issues thoroughly during a 3-year moratorium on State and local Internet taxation. It reflects the truly admirable spirit of cooperation between its chief sponsor, Representative CHRIS COX, and State and local policymakers who were able to come together and work hard on a matter which has multi-faceted consequences on retail businesses, State and local treasuries, continued technological development, and our judicial system, to name a few.

The Internet is a revolutionary technology that has become an integral part of our nation's economic growth. And it promises to expand beyond anything we could imagine. It would be detrimental, I believe, to our nation's leadership in this industry if we were to allow taxation issues to stunt the growth of the Internet. For this reason, I am very pleased that we have been able to bring the Internet Tax Freedom Act to the floor today. And I particularly want to commend Mr. COX for his foresight in introducing this legislation that we will be voting on today.

Mr. THOMAS. Mr. Speaker, I rise to address an issue which will have a dramatic impact on our children, small businesses, and

the global economy—the taxation of the Internet. The Internet has not reached its full potential, but electronic commerce has already generated $1 billion. Congress should support H.R. 4105, the Internet Tax Freedom Act, because unwarranted taxation of the Internet would only stifle the growth of this young and dynamic communications system.

This bill is crucial to communications in the 21st Century. Taxation leads to a lack of competition, with the telephone industry as a perfect example. The Internet is a valuable resource to which as many people as possible should have access. If competition is hindered, less people will be able to utilize this important communications tool.

There are many problems with Internet taxation. Several States tax Internet access under existing statutes, including Iowa, Connecticut, Illinois, and the District of Columbia. We need this legislation now because the number of States taxing this industry could expand very quickly as States search for new means to expand their tax base. This bill needs to be passed as a proactive measure, and not a reactive measure after every State has adopted different taxation laws. There are more than 4,000 Internet Service Providers in this country, and most of them are small businesses. How can these small businesses survive when individual States are playing with different tax codes?

The Internet has no specific boundaries and its transmissions are therefore vulnerable to multiple taxation from States and localities. If everyone takes a cut from different points of creation, then State and local taxes will kill the goose that laid the golden egg. Multiple taxation would cause confusion and would provide a disincentive for free dissemination of information and ideas. Because of the Internet's easy accessibility from anywhere in the world, home-bound, disabled, and elderly people have access to information and resources that they would not otherwise have.

American providers of this service need a level playing field in order to remain competitive with other global providers. The growth of Internet and online services will increase the productivity of many different businesses, making them more competitive globally and therefore expanding U.S. sales of new products and services. As we are move toward international agreements on Internet taxation, we must first move to come to a consensus on how we tax the Interet within our own country. Finally, the Internet has shown great possibilities in the future for commercial users. It allows people to create their ''own'' market.

Our goal is not to permanently make Internet transactions tax-free. We simply want to provide safeguards against multiple or special taxation. We are not trying to make Internet transactions tax-free. Rather, we want to stop multiple or special taxation. For example, a business selling goods in a retail store operates under a single set of tax rules, but a business selling goods over the Internet is subject to much more uncertainty. It is also potentially subject to thousands of State and local taxing jurisdictions.

H.R. 4105 would establish a moratorium on State and local taxes which specifically target the Internet, such as taxes on Internet access or online services. It would also commission a 2-year study of sub-national and foreign taxation of Internet commerce. This study would ensure that lawmakers do not enact new taxes without proper data. Last, the bill calls on the Clinton administration to be as aggressive as possible in keeping the Internet free from anti-competitive taxes and tariffs.

I urge Congress to support H.R. 4105, the Internet Tax Freedom Act. If we allow the Internet to be taxed at different points along the way, we are ultimately restricting access to it. Americans already pay enough taxes. Why should we expose them to multiple taxes on the Internet when it will only restrict the access to, growth of, and competition in this essential resource?

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania (Mr. GEKAS) that the House suspend the rules and pass the bill, H.R. 4105.

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.

UNFAIRNESS IN TAX CODE: MARRIAGE TAX PENALTY

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

Mr. WELLER. Mr. Speaker, let me explain why enactment of the Marriage Tax Elimination Act is so important for working families, with a series of questions.

Do Americans feel that it is fair that our Tax Code imposes a higher tax on working married couples just because they are married?

Do Americans feel that it is fair that 21 million married working couples pay on the average $1,400 more in higher taxes than an identical couple with an identical income who live together outside of marriage?

Do Americans feel it is right that our Tax Code actually provides an incentive to get divorced?

Twenty-one million couples pay on the average $1,400 more just because they are married. Back in the south suburbs of Chicago where I have the privilege of representing, $1,400 is one year's tuition at Joliet Junior College, our local community college. It is three months of day care at a local day care center. That is real money.

This summer this House made a commitment to address and eliminate the marriage tax penalty with the passage of the House budget resolution just a short 2 weeks ago, a budget that spends less and taxes less. Let us honor that commitment, let us eliminate the marriage tax penalty. Let us eliminate it now.

UNFAIRNESS IN TAX CODE: MARRIAGE TAX PENALTY

Mr. WELLER. Mr. Speaker, I rise today to highlight what is arguably the most unfair provision in the U.S. Tax Code: the marriage tax penalty. I want to thank you for your long term interest in bringing parity to the tax burden imposed on working married couples compared to a couple living together outside of marriage.

I would also like to commend the leadership of House budget Chairman KASICH for including elimination of the marriage tax penalty as a top priority in this budget resolution. The Republican House Budget Resolution will save a penny on every dollar and use those savings to relieve families of the marriage penalty and restore a sense of justice to every man and women who decides to get married.

Many may recall in January, President Clinton gave his State of the Union Address outlining many of the things he wants to do with the budget surplus.

A surplus provided by the bipartisan budget agreement which: cut waste, put America's fiscal house in order, and held Washington's feet to the fire to balance the budget.

While President Clinton paraded a long list of new spending totaling at least $46–$48 billion in new programs—we believe that a top priority should be returning the budget surplus to America's families as additional middle-class tax relief.

This Congress has given more tax relief to the middle class and working poor than any Congress of the last half century.

I think the issue of the marriage penalty can best be framed by asking these questions: Do Americans feel its fair that our tax code imposes a higher tax penalty on marriage? Do Americans feel its fair that the average married working couple pays almost $1,400 more in taxes than a couple with almost identical income living together outside of marriage? Is it right that our tax code provides an incentive to get divorced?

In fact, today the only form one can file to avoid the marriage tax penalty is paperwork for divorce. And that is just wrong!

Since 1969, our tax laws have punished married couples when both spouses work. For no other reason than the decision to be joined in holy matrimony, more than 21 million couples a year are penalized. They pay more in taxes than they would if they were single. Not only is the marriage penalty unfair, it's wrong that our tax code punishes society's most basic institution. The marriage tax penalty exacts a disproportionate toll on working women and lower income couples with children. In many cases it is a working women's issue.

Let me give you an example of how the marriage tax penalty unfairly affects middle class married working couples.

For example, a machinist, at a Caterpillar manufacturing plant in my home district of Joliet, makes $30,500 a year in salary. His wife is a tenured elementary school teacher, also bringing home $30,500 a year in salary. If they would both file their taxes as singles, as individuals, they would pay 15%.

MARRIAGE PENALTY EXAMPLE IN THE SOUTH SUBURBS

	Machinist	School teacher	Couple	Weller/McIntosh II
Adjusted Gross Income	$30,500	$30,500	$61,000	$61,000
Less Personal Exemption and Standard Deduction	$6,550	$6,550	$11,800	$13,100 (Singles x2)
Taxable Income	$23,950	$23,950	$49,200	$47,900
	(x .15)	(x .15)	(Partial x .28)	(x .15)
Tax Liability	$3,592.5	$3,592.5	$8,563	$7,185
Marriage Penalty			$1,378	Relief $1,378

Weller-McIntosh II Eliminates the Marriage Tax Penalty

But if they chose to live their lives in holy matrimony, and now file jointly, their combined income of $61,000 pushes them into a higher tax bracket of 28 percent, producing a tax penalty of $1400 in higher taxes.

On average, America's married working couples pay $1,400 more a year in taxes than individuals with the same incomes. That's serious money. Millions of married couples are still stinging from April 15th's tax bite and more married couples are realizing that they are suffering the marriage tax penalty.

Particularly if you think of it in terms of: a down payment on a house or a car, one year's tuition at a local community college, or several months worth of quality child care at a local day care center.

To that end, Congressman DAVID MCINTOSH and I have authored the Marriage Tax Penalty Elimination Act.

The Marriage Tax Penalty Elimination Act will increase the tax brackets (currently at 15% for the first $24,650 for singles, whereas married couples filing jointly pay 15% on the first $41,200 of their taxable income) to twice that enjoyed by singles; the Weller-McIntosh proposal would extend a married couple's 15% tax bracket to $49,300. Thus, married couples would enjoy an additional $8,100 in taxable income subject to the low 15% tax rate as opposed to the current 28% tax rate and would result in up to $1,053 in tax relief.

Additionally the bill will increase the standard deduction for married couples (currently $6,900) to twice that of singles (currently at $4,150). Under the Weller-McIntosh legislation the standard deduction for married couples filing jointly would be increased to $8,300.

Our new legislation builds on the momentum of their popular H.R. 2456 which enjoyed the support of 238 cosponsors and numerous family, women and tax advocacy organizations. Current law punishes many married couples who file jointly by pushing them into higher tax brackets. It taxes the income of the families' second wage earner—often the woman's salary—at a much higher rate than if that salary was taxed only as an individual. Our bill already has broad bipartisan cosponsorship by Members of the House and a similar bill in the Senate also enjoys widespread support.

It isn't enough for President Clinton to suggest tax breaks for child care. The President's child care proposal would help a working couple afford, on average, three weeks of day care. Elimination of the marriage tax penalty would give the same couple the choice of paying for three months of child care—or addressing other family priorities. After all, parents know better than Washington what their family needs.

We fondly remember the 1996 State of the Union address when the President declared emphatically that, quote ''the era of big government is over.''

We must stick to our guns, and stay the course.

There never was an American appetite for big government.

But there certainly is for reforming the existing way government does business.

And what better way to show the American people that our government will continue along the path to reform and prosperity than by eliminating the marriage tax penalty.

Ladies and Gentlemen, we are on the verge of running a surplus. It's basic math.

It means Americans are already paying more than is needed for government to do the job we expect of it.

What better way to give back than to begin with mom and dad and the American family—the backbone of our society.

We ask that President Clinton join with Congress and make elimination of the marriage tax penalty * * * a bipartisan priority.

Of all the challenges married couples face in providing home and hearth to America's children, the U.S. Tax Code should not be one of them.

Lets eliminate The Marriage Tax Penalty and do it now!

WHICH IS BETTER?

Note: The President's Proposal to expand the child care tax credit will pay for only 2 to 3 weeks of child care. The Weller-McIntosh Marriage Tax Elimination Act HR 2456, will allow married couples to pay for 3 months of child care.

WHICH IS BETTER, 3 WEEKS OR 3 MONTHS?

[Child Care Options Under the Marriage Tax Elimination Act]

	Average tax relief	Average weekly day care cost	Weeks day care
Marriage tax elimination act	$1,400	$127	11
President's child care tax credit	$358	$127	2.8

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

EXCHANGE OF SPECIAL ORDER TIME

Mr. MILLER of Florida. Mr. Speaker, I ask unanimous consent to take the 5 minutes of the gentleman from California (Mr. HORN).

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

There was no objection.

A CRITICAL MOMENT FOR THE 2000 DECENNIAL CENSUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. MILLER) is recognized for 5 minutes.

Mr. MILLER of Florida. Mr. Speaker, I rise tonight at a critical moment for the 2000 decennial census. Today the President nominated Dr. Ken Prewitt for director of the Census Bureau.

As everyone involved with the 2000 Census knows, the operation is at a high risk for failure. The Government Accounting Office has warned we are headed towards failure, and the Commerce Department's own Inspector General has warned we are headed towards failure.

When I became chairman of the new Subcommittee on the Census, I made a controversial statement. I said I did not have any litmus test for the new census director. I said what we needed was a competent manager who was committed to working cooperatively with Congress.

Unfortunately, I think the President had a litmus test. Dr. Prewitt's background does not have anything to suggest he can lead a huge organization at a time of crisis. He has admitted that he has never run anything of the magnitude of the Census Bureau. Basically, for a short time he ran a think tank, and that is it.

The decennial census is the largest peacetime mobilization in American history. The Census Bureau needs a General Schwarzkopf, not a professor Sherman Klunk, to save the census. So why would the President nominate an academic? Because of politics. Dr. Prewitt supports the President's sampling scheme, so he received the nomination.

Basically, while I had no litmus test, the President certainly did. In recent weeks I have noticed an increasing politicizing of the 2000 census. The President tried to divide America in his most recent speech by promising some areas more money if they followed his plan, without telling the American people which communities he plans to take money from. It is a zero sum game. If you promise one area more, it comes from another part of America.

I have noticed increasingly inflammatory rhetoric from my friends on the other side of the aisle. They have been far too quick to impugn motives and to try and inject divisive politics into the debate over the census.

Mr. Speaker, my job as the chairman of the Subcommittee on the Census is to reflect the interests of the entire House in an honest, reliable, and trusted 2000 census. We are a long way from achieving that type of census.

As soon as we start talking about the substance of how the census will be conducted, someone else wants to talk about politics. When I point that the sampling failed its only test, the response is, the gentleman from Florida (Mr. DAN MILLER) only cares about politics.

When I point out that real Americans who took the time to participate in the census and filled out their forms would have been deleted under a sampling scheme, someone accuses the President of not wanting to count all Americans.

When I point out that Pennsylvania would have lost a congressional seat because of a mistake in the statistical computer model, someone accuses Republicans of trying to deny Federal funds to urban areas.

When I point out the serious policy implications of telling the American people they do not have to participate in the census anymore, the government will figure it out on their own, someone accuses Republicans of only caring about protecting House seats.

Most recently, someone attempted to divide America along racial and ethnic lines. I find this very sad and very disappointing. Earlier this week one staff member with an impeccable record of defending the Voting Rights Act and working to increase minority representation in Congress, State legislatures, and city councils had one comment taken out of context, and one Member on the other side of the aisle sends out a letter entitled, ''GOP plays racial politics with the 2000 census.''

Mr. Speaker, if the Congress and the administration are going to save the 2000 census from failure, we all need to start talking about substance, not politics. We need to debate the flaws in each other's plans for the census, not publicly guess about each other's motives. My objections to the President's plan are well known. I oppose the use of statistical sampling in the census because it has proved to be less accurate and less reliable.

In 1990, the sample census was found to be less accurate for populations under 100,000, and would have incorrectly taken a seat away from Pennsylvania. Americans who filled out their census forms would have been deleted from the count.

Now the Clinton administration wants to take that failed experiment and increase its size by 5 times, complete it in half the time and with a less trained work force. A less accurate, less fair method is not the proper way to address the serious and difficult issue of minority undercounts. It takes hard work, innovative thinking, and frankly, more resources. That is the issue that should be debated, and not the political motivations of some individuals on both sides of this debate. I hope this House quickly gets back on the track of saving the 2000 census, and leaves the political sideshows to others.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CONYERS) is recognized for 5 minutes.

(Mr. CONYERS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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STATUTE IN SERIOUS NEED OF FIXING

The SPEAKER pro tempore (Mr. DIAZ-BALART). Under a previous order of the House, the gentlewoman from the District of Columbia (Ms. NORTON) is recognized for 5 minutes.

Ms. NORTON. Mr. Speaker, I come to the floor to put the Congress on fair warning that there is a statute in serious need of fixing. Women Members of Congress will hold a press conference tomorrow at 11 a.m. to call the attention of the Congress to this predicament. The Supreme Court handed down a decision, the Gebser decision, involving a ninth grade student who was assaulted by her teacher in as much as he had sexual intercourse with her over a period of time.

She sued under title 9 for sexual assault and harassment and the Court found that this Congress had not, in fact, given the Court sufficient guidance so that damages could be awarded under title 9.

This affair with a student began when she was in the eighth grade and joined a high school book discussion group. The teacher often made sexually suggestive remarks to her. Later on, when she went to the ninth grade and was assigned to his class, he lured her into sexual intercourse and apparently had sexual intercourse many times, including during class times.

This youngster did not report this relationship to school officials. She said she was uncertain how to act. I am sure she was utterly confused that this disproportionate power relationship had evolved in this direction. When her parents found out, of course they looked for remedies and among them was a remedy under title 7.

The Court found that she did not report the relationship to school officials. Surprise, surprise. But the Court also found that the school system had not distributed an official grievance procedure for how to lodge complaints with school officials, even though that is required under title 9.

So the Court found that one could not sue under title 9 for teacher-student sexual harassment unless the following four circumstances were met:

First, that the employee had supervisory power over the offending employee; actually knew of the abuse; had the power to end it; and failed to do so. Of course, the school system at top levels could not meet those standards.

Mr. Speaker, if in fact this were a title 7 matter involving a teacher and a principal, and the principal had sexually harassed the teacher in any way, then the teacher would have a cause of action against the school system under title 7. But here we have a minor child who has no cause of action under the only statute available to her.

Mr. Speaker, I can understand the Court's predicament. The Court had implied a cause of action for damages rather than gotten it from the wording of title 9. And so the Court simply does not know how far we in the Congress want the Court to go in allowing damages.

I do not think there is a Member of this body that would not regard damages lying against the school system as the way to deter this kind of harassment, this kind of affair, this kind of assault by a teacher on a student. But the court said, and I quote, absent further direction from Congress, the Court could not go further.

Mr. Speaker, I know I will be joined by other Members of this body, quite apart from the women Members, who will appear with me tomorrow at a press conference to suggest to this body that the only reason the damage element is not laid out is when title 9 was passed 25 years ago, who would have thought that we would be dealing with teacher affairs with an eighth and ninth great student? No, we did not have it in our mind then.

We must have it in our minds now, because it has occurred and we are all embarrassed that there is no remedy. I do not believe we seek this remedy simply because the remedy would be deserved in regard to this case. And if ever there was a damage remedy deserved in this case, it is this case.

The reason this remedy is important here is that we want to deter this kind of conduct and we want to say to school systems that they must pass out a grievance system guidance manual that puts people on notice as to how to file a complaint. And if they do not, then they, themselves, will be liable under the statute.

I am sure that that is what we mean. We must move to do so as soon after the school year for 1999–2000 begins. I regret that this occurred. It is time though for the Congress to move forward and meet its obligations to correct the statute.

PRIVATIZATION EQUALS ''SOCIAL INSECURITY''

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

Mr. FILNER. Mr. Speaker, I rise today in support of preserving our Social Security system. Social Security

has worked for 160 million people for nearly 60 years. Study after study concludes that Social Security will be fully funded throughout year 2032, and in need of only minor modifications to make up a relatively small shortfall after that date.

Mr. Speaker, yes, a careful study should be done, but not a rush to privatize this system. Privatization proponents promise huge profits, but ignore the risks and inequity inherent in their plans. High returns do not come without big risks. And why should we rush to turn over our precious retirement system, which provides a guaranteed benefit, to the whims of a very fickle stock market?

Privatization depends on individuals putting their money into retirement accounts, something difficult for low-wage workers, mothers working part-time while raising children, and those who experience family emergencies. Even under a best-case scenario, those who are able to diligently add to their retirement accounts may receive poor investment advice or, worse yet, the entire market could crash. We saw that in our history earlier this century. That is why our Social Security system was established. To provide a fair but guaranteed basic retirement income.

Wall Street wants to take a massive amount of American capital, a portion of every single working American's paycheck, and gamble with it. Yes, Mr. Speaker, gamble with it. The problem of a shortfall after the year 2032, not bankruptcy as slick public relations operatives would have us believe, could be solved without dismantling our entire system. The current successful system keeps half of our elderly citizens out of poverty.

Earlier today, I joined with several of my colleagues in cosponsoring legislation in support of strengthening Social Security to meet the challenges of the next century. In that bill, 57 of us expressed our support for continuing to guarantee a basic retirement for American citizens. We pledged to fight for adopting solutions to restore full funding of the system after the year 2032 that are nondiscriminatory and equitable to Americans of all ages.

Privatization cannot offer that promise, nor any guarantee. The stock market, even with its latest continual rises, is so volatile, so full of risk, that an entire industry has been built around tracking its daily rise and fall by a few or even more percentage points.

Social Security, on the other hand, administers its basic retirement, which everyone has been encouraged to supplement with their own savings and investments, in an equitable way. We as a society then do not have to worry about impoverished mothers, fathers, grandfathers, or worse yet, those who have no living relatives.

Privatization proposals also fail to offer another guarantee to workers that is one cornerstone of Social Security: A monthly check for workers should they become disabled, or for their school-aged children if the worker dies.

Social Security does have enough money to pay all benefits until the year 2032. Sure, adjustments must be made to ensure retirement security for those retiring after that date. Yet even doing nothing, Social Security will pay 75 percent of the benefits then. We must continue to discuss the minor modifications that will continue this reliable program for all future generations.

But Social Security, with its guaranteed and fair benefits, does not need to be scrapped, particularly for a privatized gambling program that would guarantee lifetime ''social insecurity'' for most and short-term security for the few on Wall Street.

Mr. Speaker, let us keep the Social Security system.

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 gentlewoman from California (Ms. WATERS) is recognized for 5 minutes.

(Ms. WATERS 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 Kansas (Mr. MORAN) is recognized for 5 minutes.

(Mr. MORAN of Kansas addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

RACIAL OVERTONES TO CENSUS COUNT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. SANCHEZ) is recognized for 5 minutes.

Ms. SANCHEZ. Mr. Speaker, there they go again. The Republican leadership of the House fails to match their rhetoric in favor of a color-blind America with deeds.

Last year, Members of this House criticized the investigation of the Dornan election contest because it unfairly questioned the loyalty and the legality of Hispanic and Asian American voters. The process the House employed produced race-based outcomes.

The Republican response was to ignore these facts and to attack their critics for ''inciting racism'' and ''playing the race card.'' Republican amendments this year to campaign finance reform would discriminate against people of color and would ban the bilingual ballot. Yet Republican candidates mail campaign brochures in Spanish and other languages. And when we point out the hypocrisy, they will attack us once again for ''playing the race card.''

Yesterday, I was offended to learn of remarks made by the senior Republican staff member working on the new census as reported by the respected journalist David Broder. This staff member, who works for this House, unmistakably revealed that race is a factor in the Republican effort to block an accurate and less expensive census.

As Broder reported, ''. . . it is about raw political power, as I was reminded on a recent visit to the GOP command post on Capitol Hill.''

When two of my colleagues wrote to the gentleman from Florida (Chairman MILLER) yesterday to express their concern, he fired back a response within hours accusing them of ''injecting racial politics into the debate.'' Once again, when racial bias, prejudice, and base-based outcomes are exposed, the Republican response is to attack the messenger for ''playing the race card.''

Mr. Speaker, we who oppose government sanctioned racism will not be silenced by these attacks. We will stand in this well as long as it takes to shed light and bring honest debate about the merits of an accurate census.

Race was injected into this process not by those who object to prejudice. Race became an issue by those who have turned this process into a fight over raw political power.

It was the Republican leader who launched this agenda when he said that meeting our constitutional obligation to provide an accurate census of all Americans was ''a dagger aimed at the heart of the Republican majority.''

Mr. Speaker, if truth is a dagger, if accuracy is aimed at the heart of the Republican majority, then the only thing the leadership of this House should fear is judgment.

THE DEATH OF ANDREW KASSAPIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. BILIRAKIS) is recognized for 5 minutes.

Mr. BILIRAKIS. Mr. Speaker, I rise today to remember a young man, an American citizen, who was murdered during a brutal Turkish invasion of Cyprus during the summer of 1974.

Since the 1974 Cyprus invasion, 1,619 people have been missing, including five American citizens. The administration recently submitted the ''President's Report to Congress on the Investigation of the Whereabouts of the U.S. Citizens Missing from Cyprus Since 1974.'' It concludes that four of the missing Americans were probably killed during the violent events of 1974.

It also confirms the belief that one American, Andrew Kassapis, was killed by Turkish-Cypriot militiamen and was buried in a field in Northern Cyprus. The report states that Andrew

''died from physical hardship stemming from captivity.'' His remains are being laid to rest tomorrow, Wednesday, June 24, in Detroit, Michigan.

Twenty-four years after Andrew's death, Cyprus still remains illegally occupied and tensions continue to escalate in a region that is more often marked by strife than accord.

□ 1800

The United States has signaled its commitment to work for a fair solution to the illegal occupation of Cyprus. Unfortunately, our efforts have produced few results due to the reluctance of Turkish leaders to resolve the illegal occupation of Cyprus.

Rauf Denktash, the Turkish-Cypriot leader of the illegally occupied area of Northern Cyprus, has set two preconditions for a Cyprus solution. First, he has demanded that his entity be recognized. The international community only recognizes the legitimate Republic of Cyprus and its leader, President Glafcos Clerides. Second, he said Cyprus's European Union accession talks must be halted before negotiations on Cyprus can resume.

The United States and the international community have emphasized that both demands are unacceptable.

Mr. Speaker, as we lay Andrew Kassapis to rest, it is disheartening that a Cyprus solution is as remote as ever. If we can broker peace in Northern Ireland, we can surely promote a solution in Cyprus. The consequences of our failure and of continued hostilities between Greece and Turkey over Cyprus could result in a weakening of the NATO alliance and the outbreak of military conflict between these two American allies.

We owe it to Andrew and the other missing Americans to support the Cypriot Republic and demand that Turkey respect international law. His death should not be in vain and the solution of Cyprus must be forthcoming.

COMMUNICATION FROM THE CHAIRMAN OF THE COMMITTEE ON THE BUDGET REGARDING H.R. 477

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. KASICH) is recognized for 5 minutes.

Mr. KASICH. Mr. Speaker, Pursuant to Sec. 314 of the Congressional Budget Act, I hereby submit for printing in the Congressional Record revisions to the allocation for the House Committee on Appropriations pursuant to section 2 of House Resolution 477 to reflect $143,000,000 in additional new budget authority and $134,000,000 in additional outlays for the Earned Income Tax Credit. This will increase the allocation to the Appropriations Committee to $532,104,000,000 in budget authority and $562,411,000,000 in outlays for fiscal year 1999.

As reported by the House Committee on Appropriations, H.R. 4104, a bill making appropriations for Treasury-Postal Service-General Government Appropriations Bill for Fiscal Year 1999, includes $143,000,000 in budget authority and $134,000,000 in outlays for the Earned Income Tax Credit.

These adjustments shall apply while the legislation is under consideration and shall take effect upon final enactment of the legislation.

Questions may be directed to Art Sauer or Jim Bates at x6–7270.

The SPEAKER pro tempore (Mr. DIAZ-BALART). Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

(Ms. JACKSON-LEE of Texas addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

CAMPAIGN FINANCE REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.

Mr. PAUL. Mr. Speaker, in recent months there has been a lot of discussion on the House floor dealing with campaign finance reform.

I have spoken out on this issue, and once again I want to make some comments about how I see this problem and what we might do about it. Also I want to mention an amendment that I will be bringing up.

I suspect we will be talking about campaign finance reform for a couple more months. I see this somewhat differently than others. Others see that all we have to do is regulate the money and we are going to solve all our problems. But all governments are prone to be influenced by special interests. That is the nature of government.

So the smaller government that you have, the less influence you have and the less effort there is made to influence the government. But when you have a big government, there will be a lot of people and a lot of groups that will want to influence government, and that is where I see the problem.

Twenty-five years ago in the 1970s, after Watergate, the Congress wrote a lot of rules and regulations. Hundreds of candidates have filled out forms and have done all kinds of things that have been very complicated but have achieved very little. The problem is every bit as bad as it was before, and most people admit that.

I think there is a good reason for that. They were addressing the symptoms rather than the cause. And the cause is, of course, that big government is involved in every aspect of our lives, our personal lives, our economic lives, and also around the world, influencing almost every government in the world. So not only is there an incentive for business people to come here to influence our government, but there are labor groups that come to influence our government. We have international groups and other governments coming to influence us. And until that is settled, we can rest assured that we will continue to have these problems.

But there is another problem that I want to address, and that is the decreased interest in campaigns and elections. Thirty years ago we would have 30 some percent of the people would turn out in the primary elections. Today it is less than 20 percent. It is a steady decline. There is good reason for this because as government gets bigger and as money becomes more influential, and money talks, the little people who have their desires and their voices unheard and want to be heard, they feel very frustrated. So it is understandable and expected that there will be lower and lower turnout in our elections. That is exactly what is happening.

Now, why is this the case? Is it just because they are apathetic? I do not think so. I think a lot of people make wise choices and say it does not make a lot of difference; my vote does not really count because so much money is influencing what happens in Washington with legislation. And yet we have rules and laws throughout the country that make it just about impossible for anybody outside the ordinary two-party system to be represented.

Twenty percent of the people do not bother registering because of the frustration, 20 percent of the people who do register, register as Independents. So that leaves about 60 percent of the vote split between Republicans and Democrats, each getting 30 percent. They are a minority. The people who are really shortchanged are the majority, that 40 percent who feel unrepresented and very frustrated about the situation.

How does this come about? It just happens that Republicans and Democrats tend to control every legislative body in the country, every State legislative body. And, therefore, they write rules and regulations and have high fees for people getting on ballots, and you do not have any competition. And there is lack of interest, and there is a lot of frustration.

Take, for instance, some of the groups that have tried in the past to get on and become known but are frustrated by all these rules. There are Independents, Socialists, Greens, Taxpayers Party, Populists, Libertarians, Constitutionalists, Reform Party, Natural Party, American Party, Liberal Party, Conservative Party, Right to Life, Citizens Party, New Alliance Party, Prohibition Party, States Rights Party. All these people have been totally frustrated because they have so many obstacles put in their way by the requirement of huge numbers of signatures on ballots.

I would like to quote from Richard Winger, who writes a letter called the Ballot Access News. He cites one of the worst examples. He says Florida now requires 242,000 valid signatures to get a minor party or Independent candidate on the ballot of any State-wide office other than President. Only one signature is permitted on each petition sheet. He goes on. And the payment that is required is $8,250.

This is what needs to be changed. I have an amendment to the bill that will change this. I hope all my colleagues will pay attention to it.

ON THE CENSUS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. MALONEY) is recognized for 5 minutes.

Mrs. MALONEY of New York. Mr. Speaker, I am pleased today that the President nominated Dr. Kenneth Prewitt to be the next director of the Bureau of the Census. Dr. Prewitt is the current president of the Social Science Research Council. He has been senior vice president of the Rockefeller Foundation, the director of the University of Chicago's National Opinion Research Corporation, chairman of the Political Science Department at the University of Chicago, and vice president of the American Academy of Arts and sciences.

He has also served on the boards of trustees of Washington University, Southern Methodist University, the Center for Advanced Study and Behavioral Sciences, National Opinion Research Corporation, and the German American Academic Council. He has a long and distinguished career as an administrator and researcher with publications too numerous to mention. He is highly regarded by his colleagues for his scholarship and professionalism.

Mr. Speaker, I was very disappointed that the chairman of the Subcommittee on the Census chose to attack Dr. Prewitt just hours after he was nominated. The chairman referred to Dr. Prewitt as, and I quote, yet another statistical shell. It is just that kind of attack that makes it so difficult to recruit highly qualified and talented individuals to public service. I hope the chairman will apologize to Dr. Prewitt. However, I do not feel that that is likely.

Last week one of the chairman's staff was reported to have made a comment infused with political and racial overtones. This was in an article written by David Broder entitled Playing Hard Ball on the Census in the Washington Post, and it was referenced earlier in the comments of my colleague the gentlewoman from California (Ms. SANCHEZ). The staff member said, and I quote: Someone should remind Bill Daley that if he counts people the way he wants to, his brother could find himself trying to run a majority-minority city.

Unfortunately, rather than repudiate that statement or even to acknowledge that it was a poor choice of words, the gentleman from Florida (Mr. MILLER) offered a feeble excuse that the quote was taken out of context. He is unwilling to apologize for the racial innuendos uttered by his staff. I do not think there is much hope that he will apologize for an abusive comment about a public servant.

Instead, the chairman keeps trying to rewrite history. He tries to call this the Clinton census plan. The truth of the matter is that the plan was created by Dr. Barbara Bryant under President Bush. President Bush signed into law legislation passed by Congress calling for the National Academy of Sciences to advise the Census on planning the 2000 census to be less expensive and more accurate than the census of 1990.

When the planning process initiated by Dr. Bryant and the recommendations of the National Academy of Sciences came together, we had a plan for a census that would be more accurate and less expensive, just as Congress directed. That plan has been endorsed by the American Statistical Association, the Council of Professional Associates on Federal Statistics, the National Association of Business Economists, the Association of University Business and Economic Research, the Association of Public Data Users and many, many others.

Only one organization seems to favor a less accurate and more expensive census in 2000, and that is the Republican National Committee.

The sad truth is that the Census Bureau has developed a plan that will count everyone who lives in America, including blacks and Latinos and the poor and Asians and whites, everyone. But some Members of Congress do not want that to happen. Why? Because they believe not counting certain minorities and the poor is to their political advantage.

The Census Bureau has developed a plan that will count everyone who lives in this country, a plan that is more accurate and less expensive, but some Members of this body do not want that to happen. Instead they want to spend more money to make sure that the census is less accurate. Why? Because they believe that a less accurate census is to their political advantage.

The opponents of a fair and accurate census try to smear the Census Bureau, claiming that the 2000 census will be manipulated for political purposes.

If the opponents have their way, the 2000 census will be manipulated for political purposes, not by the Census Bureau, but by those who want to continue the errors of the past for their own political gain.

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Mr. Speaker, I am disappointed that the Chairman of the Subcommittee on the Census chose to attack Dr. Prewitt just hours after he was nominated. The Chairman referred to Dr. Prewitt as ''yet another statistical shill.'' It is just that kind of scurrilous attack that makes it so difficult to recruit highly qualified and talented individuals for public service. I hope the Chairman will apologize to Dr. Prewitt. However, I don't think that is likely.

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When the planning process initiated by Dr. Bryant and the recommendations of the National Academy of Sciences came together, we had a plan for a census that would be more accurate and less expensive—just as Congress had directed. That plan has been endorsed by the American Statistical Association, The Council of Professional Associates on Federal Statistics, the National Association of Business Economists, the Association of University Business & Economic Research, the Association of Public Data Users, and many others.

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The opponents of a fair and accurate census try to smear the Census Bureau claiming that the 2000 census will be manipulated for political purposes. If the opponents have their way, the 2000 census will be manipulated for political purposes—not by the Census Bureau, but by those who want to continue the errors of the past for their own political gain.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. BARTLETT) is recognized for 5 minutes.

(Mr. BARTLETT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

CONGRATULATIONS TO J. KIRK SULLIVAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Idaho (Mr. CRAPO) is recognized for 5 minutes.

Mr. CRAPO. Mr. Speaker, I rise today to commend a good friend and an Idahoan who has spent many untold hours working for the betterment of his community, his business, our great State of Idaho and the country.

J. Kirk Sullivan has been a leader in Idaho's business community for many years, and now he is preparing to retire. It is important to note how his achievements and interests have made a difference for so many people, not only in Idaho but throughout the country. Although Kirk was not born in Idaho, and we are going to be willing to forgive him for that, much of his career has been spent working in Idaho. He will retire as a vice president of Boise Cascade Corporation.

He has been a leader in the pulp and paper industry and spent countless hours working with government officials to ensure that business operates in the best manner possible. Most recently he led a team to negotiate the resolution to a very difficult environmental issue, a proposal called the cluster rule. The original proposal would have shut down dozens of paper mills and cost hundreds of jobs.

□ 1815

The new proposal adopted with Kirk's leadership provided continued improvement in the industry's environmental performance and saved those critical jobs upon which families across this country rely.

It is this kind of effort by Kirk Sullivan finding common sense solutions that benefit both the environment as well as the economy and the jobs that our families depend on that has made him such an important leader in Idaho.

He has been honored for his service for Idaho's business and selected by the University of Idaho for various awards, including the Honorary Doctor of Science and a Presidential citation.

His community involvement is varied and reaches from the Children's Home Society of Idaho to the board of directors for the Boise Master Chorale Board, to the Idaho Congressional Awards Program.

I might note that I just came here from the Washington, D.C. National Congressional Awards Program in which the Idaho program which Kirk Sullivan so strongly supports was recognized as the strongest State program for the congressional awards system in America.

We just awarded the Gold Metal of Honor to six of Idaho's young, bright people who have come up through the ranks because of the leadership of people like Kirk Sullivan helping to make a difference for our youth. Kirk Sullivan has always sought out the best in his community and has found ways to highlight it.

I am pleased now to congratulate Kirk Sullivan for the tremendous efforts he has undertaken. We know that this is not the end of his service to Idaho and to his country, but I am pleased to count him among my many friends.

I along with many and most of the rest of Idaho, in fact, with the many friends that Kirk has in Idaho, wish him the very best in his retirement. Congratulations, Kirk.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Connecticut (Ms. DELAURO) is recognized for 5 minutes.

(Ms. DeLAURO addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

CAMPAIGN FINANCE INVESTIGATION

The SPEAKER pro tempore (Mr. DIAZ-BALART). Under a previous order of the House, the gentleman from Florida (Mr. MICA) is recognized for 5 minutes.

Mr. MICA. Mr. Speaker, I come to the floor tonight as a Member of the House Committee on Government Reform and Oversight in an effort to shed some light on what we have been doing.

The Committee on Government Reform and Oversight is one of the most important committees of Congress. When I came to Congress in 1993, I selected that committee because it is really one of the most important responsibilities in Congress.

Our committee really dates back to 1808 when the Founding Fathers began to see the creation of more and more of a Federal bureaucracy and Federal agencies. They did not really trust the appropriators, and they did not trust the legislators who created programs or those who funded the programs. They set up a separate investigative panel. This goes back to 1808, and that is the genesis of the committee on which I serve, the Committee on Government Reform and Oversight.

It is an important committee in Congress because it is vital to our system. There are many other systems that are similar to the American system but not that have all the checks and balances that the Founding Fathers have put together.

One of our most important responsibilities is to conduct investigations. If you go out and talk to the general public, my colleagues and many people say, well, we are investigating too much, or there is too much cost to investigations; and that really is not the case in our system. That is part of our system and part of the process.

The current Committee on Government Reform and Oversight is also known as the Burton Committee. It has been very difficult to serve on that committee and do an effective job.

The gentleman from Indiana (Mr. BURTON), myself, and other members of the committee are sent here in the stead of the public and the citizens to conduct their business, to look at investigating the agencies and activities at the Federal level. We have tried to take that on with a certain responsibility and fairness; and it has been, indeed, a very difficult task, even up to today.

Since February, we have been asking for a grant of immunity for four witnesses. We go first to the Department of Justice. This is in our campaign investigation of the foreign money that came into the 1996 campaigns. But we went first to the Department of Justice and requested that we could depose and have these witnesses testify and grant immunity that, back in February, we were granted.

Ever since then, Mr. Speaker, we have seen delay. We have seen one tactic to obstruct this investigation after another. Very frustrating. Back after, again, DOJ gave us permission in February and March, the first vote was to deny granting immunity by the Democrats on April 23, a second vote on May 13.

Finally, today, on the eve of the President going to China have we obtained permission and consent to get a grant of immunity to hear these witnesses to conduct the investigation.

I am concerned about the process, the delay, and obstruction to date. It is a serious matter for the Congress because they have managed now to obstruct this investigation, our responsibility under the Constitution, and what the people sent us here for until this date.

This is the last week this House will be in session before we go on recess. We come back in mid July, and we will be here for approximately 3 weeks. So the plan to obstruct, the plan to delay, the plan to subvert the very process that our Founding Fathers has put together has, indeed, succeeded; and it is unfair, because the American people have a right to know.

The very system that has been abused in this campaign finance process, the very system that set up this investigation and review and this cleansing that takes place through a committee like the Committee on Government Reform and Oversight has, in fact, been obstructed in its responsibility.

Then we have charges that we have been too broad in our responsibilities, in our investigation. We did not create Filegate. We had to investigate it. We did not create Travelgate. We had to investigate it. We did not create this fiasco with campaign financing. We have been charged to investigate it.

We have never in the history of this republic that I am aware of had seven independent counsels. The list goes on

and on. Mr. Speaker, I am disappointed in what has taken place in an important area of congressional responsibility.

BULLETPROOF VEST ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FOX) is recognized for 5 minutes.

Mr. FOX of Pennsylania. Mr. Speaker, I rise tonight to congratulate the House in its bipartisan efforts in adopting this Bulletproof Vest Act. This legislation was recently signed by the President. It was worked on by principally the gentleman from Indiana (Mr. VISCLOSKY), the gentleman from New Jersey (Mr. LOBIONDO) and others like myself who are part of the Law Enforcement Caucus who championed this legislation.

There are over 300 cosponsors, Mr. Speaker. This is a high number for any bill in the House. And it is endorsed by every single major law enforcement organization in the country: Fraternal Orders of Police, the Sheriffs' Association, the National DA's Association, and rightfully so.

With 600,000 police officers in the United States, the men and women who represent us in municipal departments and county police departments and State Departments all across the country, as there are 600,000 of them, 150,000 or 25 percent do not have the bulletproof vests which are so important to make sure that we ensure the safety and security of all of our police officers.

So under this bill, the Bulletproof Vest Act, $25 million will be designated as part of the Federal budget in a matching program, 50/50, with Federal and local contribution, making sure that all of those 150,000 officers will now have a vest.

We want to make sure in the United States that having a bulletproof vest will be as standard as having a police shield for every one of our police officers. I know that from our own district attorney where I come from Montgomery, Pennsylvania, Mike Barino said it was the most important bill of the 105th Congress, that we pass this legislation.

So I am pleased that President Clinton has joined the House and Senate in agreeing that this bill is important and has just signed it into law.

We do not have to look to the officer of my hometown Abington township, Joe Dalton, who in 1992 was, in fact, working on a case with many other officers from other departments in apprehending a fugitive who had committed a bank robbery and then proceeded in a high-speed chase through several counties, townships, and municipalities only to keep the police at bay.

Frankly, when the case was continuing, Mr. Dalton, trying to apprehend the defendant, was shot at point-blank range. Had he not been wearing his bulletproof vest, we would have gone to a cemetery and funeral the next day. But as such, because he had the bulletproof vest, we are much richer, and the country is more safe in knowing that people like Joe Dalton can continue to serve his community and our country.

So I am very pleased to thank the House for its efforts and look forward to working on other important law enforcement and crime prevention legislation as we continue this 105th Congress.

UNITED STATES ECONOMY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin (Mr. NEUMANN) is recognized for 60 minutes as the designee of the majority leader.

Mr. NEUMANN. Mr. Speaker, I rise tonight to encourage my colleagues to take a deep breath and slow down, because things are happening very, very fast out here. When things start happening very, very fast in Washington, D.C., what happens is we lose track and we lose sight of what is going on; and the next thing you know, the taxpayers' money starts disappearing like it has done for a generation out here, and it starts disappearing very, very fast.

When this gets out of control, when spending gets out of control in this city, when we forget what had happened before 1995, we quickly get to a point where the idea of reducing taxes or paying off debt or restoring Social Security become impossibilities.

So I rise tonight, and I have not done this presentation in quite some time, but I think it is important, I think it is very important that we remember where it is we are at in this Nation; and that, even though we have come a long way, we have still got some problems facing our country.

This first chart that I brought with me tonight shows that the debt from 1960 to 1980 did not grow very much. But from 1980 forward, this debt has grown right off the wall. Although we made some good progress on it, now we need to remember that, even when we get to a balanced budget, we are here in this picture, and it is still a very, very, very serious problem facing our Nation. When we start talking about spending bills in this community, we cannot let ourselves lose sight of the fact that we are still deeply in debt.

For those that have not seen the number, we are currently $5½ trillion in debt. The number looks like this. It is 5,500, and then it has three, six, nine more zeros after that. It is a huge, huge number.

I used to teach math, and I tried to translate this number so it would mean something to an average person watching this presentation and to my colleagues. If you take that number, 5½ trillion, and you divide it by the number of people in the United States of America, if every, man, woman, and child in the United States were going to pay off just their share of this debt, it would be $20,400 for every man, woman, and child in the United States of America.

For a family of five like mine, I have got three kids, and of course my wife at home, they have literally borrowed $102,000 and again basically over the last 15 years.

Let me put that another way. In this community, they have made the decision to spend $102,000 for every family of five more than they collected in taxes basically over the last 15 years.

The kicker is this bottom number down here, because, you see, this is not just funny money in Washington, D.C. They have to pay interest on this money. The average family of five in the United States of America today is paying $580 a month every month to do absolutely nothing but pay the interest on this Federal debt.

When we think about the mess that we have been given or what has happened in this country, in this legacy that we are about to pass on to the next generation, it is this idea that we are paying this $580 a month; that money belongs out there in the families. It should be the American people's money. When somebody goes to work to earn that money, it is their money. We should not be using it to pay interest on this debt that has been run up.

A lot of people go, well, shoot, that is not me. I do not have to worry about it. I do not have to pay $580 a month in taxes, so it is not me. The reality of this is that, when you look at what you do in society, when you go in the store and buy a loaf of bread, when you buy your kids a pair of shoes, the store owner makes a profit selling the pair of shoes or selling that loaf of bread; or at least we hope they do, because if they do not, they are going out of business.

When they make a profit selling that loaf of bread or selling that pair of shoes, part of that profit gets sent out here to Washington D.C. in taxes. In fact, every group of five people in the United States of America, every family of five or every group of five is in fact paying $580 a month one way or another to allow the interest on this debt to be paid.

When I came out here in 1995, when I was first elected, I came out of the private sector. I came out to this office, the first office I ever held of public office. In the private sector, I was a home builder. I started as a math teacher, and then we started a business in the basement of our home. We wound up building 120 homes a year, providing about 250 job opportunities here in America. It is really what our country is all about.

When I came out here, I came out here with an idea. I came out here with the idea, if we could get government spending under control, we could fix this problem. That idea was very different than the people that were here before.

What I brought with me is a chart that shows the old Gramm–Rudman-

Hollings and the promises that were made. The only reason I got elected in the first place is because all of these problems that were made; 1985, Gramm–Rudman-Hollings the first time. In 1987, when they could not make it in the 1985 bill, they fixed it. In 1990, they promised the American people a balanced budget again. They promised the balanced budget, and promised it and promised it and promised it, and they did not do it.

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This is just one picture. This is the Gramm-Rudman bill of 1987. This blue line shows what they said they were going to do. The red line shows where the deficit went. They kept making these promises and breaking these promises and the American people got more and more and more upset with what was happening in this institution. Finally they got to 1993. They realized that this problem had to be fixed. So the decision that was made out here in this community looking at this chart is that the right solution was to raise the taxes on the American people.

Just think about this. We got to 1993, they had broken the Gramm-Rudman-Hollings promise of 1985, of 1987, the budget deal of 1990, now they were going to promise a balanced budget by reaching into the pockets of the American taxpayers and getting more money out here to Washington D.C.

What did they do? Well, they raised the gasoline tax. They raised the tax on senior citizens on their Social Security benefits. They raised taxes. The American people rejected that vision. And in 1995 they sent a new group of people out here. They said, ''We don't want this done by raising taxes. We want this done by controlling spending.'' We laid a plan into place out here in 1995 to get to a balanced budget, also.

This blue line shows what we were going to do. We promised a balanced budget by the year 2002. Well, the American people looked at that and said, ''Yeah, sure, I'll believe it when I see it.'' Frankly I do not blame them a bit. If it was me, I would have had the same reaction. But the reality is that we are now 3 years into that plan. Not only are we on track but notice where the red line is in the bottom picture versus the red line in the top picture. We are not only on track to balancing the budget but in fact we are going to run a surplus for the first time since 1969 in 1998. It is the first time in a generation, nearly 30 years, that the United States Government has actually taken in more money than what it wrote out in checks in a given year.

That is good news on the surface. But I think as we go further in this, we need to understand what it is that has led us to this point and what the pressures are that are causing us to go away from it as we fight back day after day in this city the urge to spend more money.

The reason we have reached this point is shown in this picture. We have had good economies between 1969 and today. When we have had good economies, that means more money flows into Washington because people make higher profit and higher salaries, and, of course, then they pay more taxes. Every time we have had a good economy between 1969 and today, Washington simply spent the extra money. But this Congress has been different. Spending was growing at 5.2 percent per year when we got here. But in the face of this strong economy, instead of having spending grow at a faster rate, we got our arms around spending and we slowed the growth rate of Washington spending to a point where it was only going up at 3.2. In fact, we have actually done better this year. It only went up by 2.6 this year, the first year in a long time that we have actually seen spending growth in Washington under the rate of inflation.

So what is really going on out here? It is not draconian cuts that people have been told about, but what has happened is that instead of Washington spending going up at twice the rate of inflation, this Congress has got their arms around it and simply slowed the growth rate of Washington spending to the rate of inflation. It is that slowing of the growth rate of Washington spending, it is this distance between here and here, that has both got us to a balanced budget and put us in a position to cut taxes for the first time in 16 years.

Let me just go through a couple of the tax cuts so it is clear what has happened. Again it is very, very important that my colleagues slow down in this community, take a deep breath, and remember that if we just keep the lid on spending, we can keep doing the good things like balancing the budget, starting to pay down debt, restoring the Social Security system, and, of course, lowering the tax burden on the American people.

The tax cuts that have been passed, last year we reduced capital gains from 28 to 20 percent. If you are a family with children under the age of 17, for each child in that family under the age of 17, you are now able to keep $400 per child more in your own home to spend as you see fit instead of sending it here. If you have got a college student, it is up to a $1,500 tax credit. Let me slow down and translate that into what that really means.

We have some friends back home in Janesville, Wisconsin. They have two kids at home and one is a freshman in college. They are a middle-income family, about a $50,000 a year family. For the two kids at home, next year they will reduce their taxes by $400 and $400 or $800 total; and for their freshman in college they will get a college tuition credit of $1,500. That family of five literally gets to keep $2,300 in their home instead of sending it to Washington, D.C. I think that is a significant move forward for our country. That is all pretty good stuff.

I would like to talk about some of the problems that we still have really staring us in the face. I would like to bring the Social Security issue to the forefront because there has been a lot of discussion on Social Security and how it impacts the budget and is there really a surplus or are we using the Social Security money to make the surplus. There has been a lot of this discussion going on. I would like to make it as clear as possible as we look at the Social Security system.

This year if you look at your paycheck, Social Security is going to be paid to Washington, D.C. Washington is collecting about $480 billion out of the taxpayers' paychecks. They are bringing that $480 billion out here to Washington. They are writing out checks to our senior citizens of about $382 billion. If you think about this for a second, if you have $480 in your checkbook and you write out a check for $382, you would have $98 left over. That is Social Security. They have $480 billion coming in, $382 billion going out, and they have got $98 billion then left over.

The idea is this. It is not any different than it would be in virtually any home across America. This extra money coming in is supposed to go into a savings account. We all know the baby boom generation is rapidly heading toward retirement. There are a lot of us. Since there are so many people in the baby boom generation, there will not be enough money coming in to make good on the Social Security payments. Again if we look at this chart, the money in is 480, the money out is 382. When the baby boom generation gets there, those two numbers turn around and there would be more money going out and not enough money coming in. The idea is that this extra money coming in today is supposed to be in a savings account, and then when the numbers turn around, you go to the savings account, get the money and make good on Social Security.

It is funny that when I am in town hall meetings and I ask the question, ''Now, Washington has this extra $98 billion. What do you suppose Washington is doing with the $98 billion?'' Everybody in the town hall meeting says, ''They're spending it.'' In fact, that is exactly right.

Washington takes that money, if you think of this center circle as a big government checkbook, they take that $98 billion, they put it in the big government checkbook, they spend everything out of the big government checkbook, and, of course, since there is nothing left they cannot write a check out to the pension fund, to the Social Security fund, so at the end of the year they simply write an IOU so they do not have to write a check out of their checkbook. That is wrong. That practice needs to be stopped.

It is important to understand that when people in Washington are talking about a surplus, they are talking about this circle over here. The $98 billion is in the checkbook and when they write out all the checks but not a check to the Social Security trust fund, if there

is some money left they call that a surplus. The good news is that we are currently in surplus in an amount that it is actually more than enough to write the check down here to the Social Security trust fund. That is the first time in a generation.

We have introduced legislation out here, it is called the Social Security Preservation Act, it is H.R. 857. It is pretty straightforward. I think it is pretty commonsense stuff. It simply says that the money collected for Social Security, that $98 billion surplus, it goes directly into the Social Security trust fund. If that does not seem like Einstein kind of stuff to any of my colleagues or any of the folks that might be watching this tonight, it really is not, because in the private sector where I come from, if I would have bought a new car instead of putting the money in the pension fund and then wrote an IOU to the pension fund for my employees, they would have arrested me for doing it. Any executive of any company in America that is responsible for a pension fund cannot spend the money to buy a new executive car and then write an IOU to the pension fund. You have to put real money in the pension fund in any company in America, and certainly any hard-working American would expect that the pension fund actually has money in it. This legislation is called the Social Security Preservation Act. It is very straightforward. It simply says put the money down and into the Social Security trust fund.

Let us talk about tax cuts for a minute. Let us talk about the opportunity to have additional tax cuts for American people. Because there has been a lot of discussion that some people want to use this Social Security surplus for either tax cuts or new Washington spending. That is unacceptable. The Social Security trust fund money belongs in the Social Security trust fund. What if, however, in the general fund, without the Social Security money, there was some money left in the big government checkbook? If there is money left in the general fund, independent of Social Security, or if Washington could find some wasteful government spending that they could get rid of, certainly that is where the opportunity to reduce taxes further comes.

I would like to go to that issue, because what is really at the heart of this thing is if we can find wasteful Washington spending, we can eliminate the wasteful Washington spending and simply return that money to the hard-working people that earn the tax dollars before they send them out to Washington. That is how you get the tax cuts.

Could you do $100 billion of tax cuts? Yes. Could you do $200 billion of tax cuts or even more? Yes. The trick to this thing is understanding that there are two separate accounts here. One is the big government checkbook and one is the Social Security. Government ought to leave their hands off the Social Security money. But if we have got a surplus up here in the general fund, that ought to either be returned to the American people or used to pay off debt.

A lot of people say, ''Well, look, you guys, you have been out there for 3 years, all of the government waste is gone and certainly you can't still find some wasteful government spending.'' I am going to go into that by entering into a little discussion on our audit.

Mr. Speaker, I see the gentleman from Michigan (Mr. HOEKSTRA) has joined me. I would be happy to yield to him.

Mr. HOEKSTRA. I thank the gentleman for yielding. As an introduction to I think where you are headed and what you want to talk about is a GAO report.

Just to give a little bit of background, I think you know that we have been working on a project which we call the American Worker at a Crossroads. It parallels an activity that we have which is Education at a Crossroads. For the last 6 to 8 months, we have had a special group of people taking a look at what is going on in the American workplace and taking a look at the appropriateness of American labor law. Another thing that we asked the staff to do is we said, ''Take a look at our spending in the Labor Department.''

The Labor Department gets about 29 to $30 billion a year, of which about $12 billion is discretionary, meaning that you and I every year have to vote on where that money is going to be spent and approve it on an annual basis. The staff got together. They met with the different departments within the Labor Department. They had staff interviews. They went to a number of different agencies to get a handle on where this $12 billion goes.

After a period of time we were reviewing this, and they said, ''Pete, we've got a problem. We've taken a look at the $12 billion of spending, we've met with the Labor Department, we've talked to a lot of different people, and we can only account for about 75 to 80 percent. Nobody can tell us where 100 percent of this money goes.''

It is kind of like, ''Whoa.'' This is 3 to $4 billion a year that nobody really knows where it goes. This is not talking about effectiveness or efficiency or anything like that. ''They just cannot tell us, Mr. Hoekstra, this money goes to this department for this agency to do this thing, and these are the people who receive the money.''

So we said, ''Let's call the General Accounting Office.'' We called the General Accounting Office. They came over, because I thought maybe I got the wrong staff. I mean, how can you not know where 3 or $4 billion goes?

Mr. NEUMANN. How much is 3 or $4 billion? It is $300,000,000,000. This is a big number.

Mr. HOEKSTRA. The company I used to work for, it was always the fifth year of our annual plan, we would be a billion-dollar company. They finally reached it a couple of years after I left there. But a billion-dollar company makes the Fortune 500 list. There are probably about 270, 280 on the Fortune 500 list. A billion-dollar company employs, at least in the industry that I was in, employs somewhere in the neighborhood of 5 to 6, 7,000 people, not counting the people who distributed the products, not counting the people who supplied to our company. A billion dollars is a big number.

Mr. NEUMANN. Would it be fair to say when we look at the Labor Department, they are missing $3 billion, and if we could cut out that part where they cannot find any, we could apply that $3 billion to tax reductions to the American people?

Mr. HOEKSTRA. I think that is right. I think this leads to where you are going. We then called in the General Accounting Office. I had my staff there. I said, ''We've got a problem. I think we have a problem. We've taken a look at the Labor Department. We've taken a look at their discretionary spending. We have met with the Labor Department. We can't account for about 3 to $4 billion.''

The response from GAO was, ''Yeah.''

It is kind of like, ''What do you mean, yeah?''

It is kind of like, ''Well, what's the problem?''

''Well, we can't find 3 to $4 billion. They can't tell us where it went. We'd like to know who got the money, what they were going to do with it, and whether they actually accomplished the goal and the objectives that we had set here from Congress.''

They said, ''Well, we're actually completing a report, and we're not surprised that you can't find 3 to $4 billion. We can't find it, either.''

It is kind of like, ''Oh?''

They said, ''This is not just a Labor Department problem. When our report gets issued, you will find that this problem crosses all the different Cabinet posts here in Washington.''

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Mr. NEUMANN. Reclaiming my time, I want to show you why that is, because again I come from the private sector, and having run a business, I really thought when I got out here that I was going to find, and these are each account numbers in the government. The national defense, for example, is 050, and international affairs is 150. I really thought what I was going to find is somebody responsible for the money being spent in the national Defense Department, so I thought what we would do is go talk to the folks that were responsible for the money in the 050 category, the national defense committee, and they would actually be responsible for spending that money. So I expected a chart to look kind of like this where we had a category and then somebody actually responsible for spending the money.

Well, I took some time and I put together what it actually looks like out here. Here is what it actually looks like. There is no account that has a particular responsibility across. The lines are all crisscrossing all over the place, and since there are so many different lines for this thing to go to, nobody really knows where the money is going to, and of course that is exactly what led to the GAO report that you got in your hands.

Mr. HOEKSTRA. If the gentleman would yield, I think when we have been out here before, because we are also, we are going to be issuing a report in July that was initiated before we started the Labor Department, because I have also got oversight responsibility for the education department. And I think you may remember over the last year, you know, your spaghetti chart that shows all these lines crisscrossing.

We came up with the same thing in education because we wanted to take a look and say who really has responsibility for helping kids in Washington and helping kids get a good education. That is, I am not debating the point whether we can actually do that in Washington. I am just saying, who in Washington believes that it is their responsibility? Where is this coordinated? We asked the Executive Branch.

We said, ''How many education programs are there?'' Tabulated them up, we went to GAO, we went to the Congressional Research Service. About 760 different education programs.

Mr. NEUMANN. Just for a second, when you have got 760 different education programs run by the United States Government.

Mr. HOEKSTRA. That is right.

Mr. NEUMANN. Along with every one of those 760 is a huge bureaucracy to run the program, and what is happening is the bureaucrats are getting the money that is supposed to be in the schools helping our kids.

Mr. HOEKSTRA. That is right.

Mr. NEUMANN. And how much would you say out of every dollar?

Mr. HOEKSTRA. Well, we have calculated that because the other, you know, the train of thought is 760, and the first thing is hallelujah, that is why we got an education department, so that we can take these programs and run them through one place, because that is what I would think: Education; education programs. Put them in one place.

Thirty-nine different agencies. Many were programs that sound very, very similar.

So, as we have taken a look at it, as the gentleman has asked, as we have gone around and we have taken a look, where does the money really make a difference? The money makes a difference when it is in the hands of a teacher in a classroom directly benefiting a child. The bureaucrats do not help the child one bit.

So when a dollar comes from Wisconsin or a dollar comes from Michigan for education and goes to Washington, we are estimating that about 60 to 70 cents gets back to a child, gets back to a teacher, gets back to a classroom. Thirty to 40 cents gets eaten up in this, you know, bureaucracy maze here, and we know that the dollar has to get to the child if it is going to make a difference.

So I mean when we talk about reforming education, and we are going to talk about some other things, we can get lots more dollars to the child in the classroom without spending any more money in Washington. All we have to say is we are going to do it different, we are going to take the money, we are not going to feed a bureaucratic machine. We are going to get the money to a teacher and to a child and to a classroom, and the money is going to be there, and we are going to have some proposals, we are making them up tomorrow in committee, to start doing that. It is only $3 billion, only $3 billion.

Mr. NEUMANN. I was just going to object.

Mr. HOEKSTRA. Yes, only $3 billion out of, you know, the $40 to $50 billion that the Education Department spends every year, but, you know, we are starting, and we are going to take it and we are going to put it into opportunity grants, which says we are going to get the money to a child and we are not going to give it to a bureaucrat.

Mr. NEUMANN. Just reclaiming my time, I cannot help but point out that the great State of Wisconsin is out in front of the country again on this issue, as they were with welfare reform under Governor Tommy Thompson. They are now out in front in terms of having parents have the opportunity to choose where their children go to school, what they are taught and how it is taught.

Wisconsin just passed school choice, and of course it is going to be run much like a Pell grant system. I know even in some of the parochial schools there is a lot of concern with the school choice topic, but when we stop and think about it, the United States Government already gives college scholarships called Pell grants even to students that are attending teacher and pastor training schools in a Christian education center.

So the idea that the government could possibly give these scholarships, like Pell grants, without attaching strings is something we are already doing at the college level, and it is now just a matter of expanding that program down so it applies to secondary and eventually K–12 education.

I look forward to it. I think it is a good move forward for Wisconsin. And you know the survey that we just looked at, there were 12,000 teenagers looked at, and they found the single most important thing for crime, for teen smoking, teen pregnancy, for drug use and for education, most important for education, parental involvement with their student. Parental involvement with that teenager is the single most important thing that we can possibly do to bring our kids and bring our education level back up in this country, and I sincerely hope that we figure out how at the national level to allow some of the same things to happen that have happened in Wisconsin.

I do want to jump to a couple of these others because this audit is something the American people should hear about.

Mr. HOEKSTRA. If the gentleman could yield for just a second.

Mr. NEUMANN. Go ahead.

Mr. HOEKSTRA. And, as we go through this audit, I just want to let the gentleman from Wisconsin know that for the last year and a half we have gone through this process at the education department, we have gone through this process at the Labor Department, we have gone through this process at the Corporation for National Service where we have audited them or we, you know, found out. We have done this for the National Endowment for the Arts, and it is very, very consistent. The money does not get to the places that it is intended to go, that we are not making the difference.

So anybody who believes, even if we agreed with every mission that the Federal Government has taken on, and I think you and I probably do not necessarily agree that everything the Federal Government is doing is something that the Federal Government ought to be doing, but even if you agreed with every mission that Washington has assumed today, there is no doubt in my mind that there is a lot of waste, fraud and abuse in the system, that we could deliver better results with the money that we have today and at the same time deliver a tax cut back to the American people. We can do it in the Education Department, we can do it in the Labor Department, we can do it in the Corporation for National Service, and I think the gentleman is going to share some other examples with me.

But we have done this work here on the House side. We have got the background and the data that backs up exactly what this GAO study is going to show.

Mr. NEUMANN. And I think that is the point of this whole discussion. We can do tax cuts without touching the Social Security money. There is absolutely no reason in the world that this government should take the money coming in from Social Security and use it for tax cuts or anything else. That money belongs in the Social Security Trust Fund, but that does not mean we cannot do tax cuts. There is so much waste, fraud and abuse to go out.

I want to again slow down a little bit and just make sure everybody understands what an audit is.

Again, I come out of the private sector. We ran our company, and I will never forget the first time that we wanted to borrow money in a bank, and the bank said you have to have an audit first. And I went: ''What's an audit?''

And they said, ''Well, an accountant has got to come in, and they got to look at your books, and they got to actually make sure that the money you say you're spending to build that house is actually being spent on, the money, on the house that you say you are building. And not only that, they would like to know that the revenue that you say you're getting from the sale of that house is actually enough to cover the money that you spent on that house.''

So what happens is an accountant comes in and he looks at all your home sales over the course of the year, and he pulls out one or two, or she pulls out one or two or three of them. So if you are selling 120 homes a year, they pull out maybe a half dozen total, and they really go through them with a fine-toothed comb to actually make sure that the drywall check that went out for $3,200 actually went to the drywall company and not my rich uncle someplace or whatever.

They actually double check to see that what you say happened in your books actually happened, and that when you get to the bottom line the money in and the money out is actually what you reported on your taxes, and hopefully if the bank is going to lend you money, it made a profit, because if you do not make a profit you are going bankrupt.

Mr. HOEKSTRA. If the gentleman would yield for just a second, it is no different than what happens to an individual when they go apply for a mortgage.

Mr. NEUMANN. Exactly.

Mr. HOEKSTRA. The bank will go and they will verify, they will want to be able to verify your income, they will want to verify the balances on the other loans that you have outstanding, they will want to verify that what you want to buy is actually worth the amount that you want to borrow, and they will audit your records.

Mr. NEUMANN. The difference between a personal audit, though, and a company audit or between a personal audit and this government audit is, in a personal audit when you going to buy a house they verify virtually everything. And I just like to make the point that when they went through this government audit, they pulled out a random sampling to do these lookings. So these examples that I have got here of what they found in the audit, it is not like they audited the entire Navy and looked for every ship the Navy had. They pulled out a limited number.

As a matter of fact, this first one I got a picture of here, they pulled out 79 ships. They could not find 21 out of 79 ships that were supposed to be available. Just think about this for a minute. The Navy says these ships are there and they are waiting to be used. They are called inactive status at this point. Seventy-nine of these ships are supposed to be there. They went looking for these things. They could not find 21.

I mean we are not talking about a rubber ducky here in a bathtub. We are talking about a naval ship that they could not find. Think about what that means if there were ever a serious conflict in this Nation.

That is just one. Let me keep going a little bit.

The Air Force reported that they had this C–130 transport plane, and this is important to understand what this is, and I want to emphasize that this is a statement of concern for the well-being of our young men and women in uniform because just think about this for a minute:

If we were to enter into some sort of military conflict and this C–130 is supposed to be out there, and a C–130 is what they use to move troops around. So you now have these troops in a conflict situation, and we are supposed to take this C–130, and we are supposed to haul more troops up there so that they can be reinforced and not get overrun and literally injured, hurt or injured or killed.

Well, they went looking for this C–130, and it turns out it was destroyed back in 1994. It is almost inconceivable to me that you have a C–130, a transport plane for moving troops around, on your records as available, and you go looking for the thing and you cannot find it.

There is more. This one is really scary.

We are supposed to have a missile launcher, and if you do not recognize what this is, this is what you launch a series of missiles off of. They could not find the missile launcher.

Now since they think they have found it, but we have not verified at this point that they found the right one, and again it is so important to understand how significant this is to the safety and well-being of our men and women in uniform.

But it was not just the military, and I want to make that very clear.

This is the Department of Energy, and what you see here is a Hewitt Packard 3000 corporate business server, weighs 825 pounds, 825 pounds. The thing is 5 feet 2½ inches wide, 3 feet deep. I mean this is a huge piece of equipment. So they went looking for this $141,000 computer, and they could not find the computer either.

It did not stop there. We dug into this audit, and again coming from the private sector, I took some time to really start going through, and this caught my attention obviously. And you know this whole concept that there is no waste in the government and there is no more room for improvement in this government, that is ridiculous. We have got a long ways to go to get this place straightened out, but when I started digging into this some more, I would just like to read a few excerpts.

We had the GAO prepare a special report for my audit. This is what they said about Medicare. Now think about this number, and then think about the Medicare attacks last year. This is what they say on Medicare regarding improper payments: $23 billion, for reasons ranging from inadvertent mistakes to outright fraud and abuse, $23 billion missing out of one agency.

Let me translate into English.

Mr. HOEKSTRA. If the gentleman would yield for just a second, of course the way we calculate here in Washington, I am sure that is $23 billion over 5 years.

Mr. NEUMANN. No, sir, that is $23 billion in a single year. That is almost $100 for every man, woman and child in the whole United States of America, to put this in perspective. You know we throw these billions around like basically speaking that $1 billion is $4 per person. This is nearly $100 for every man, woman and child in the United States of America that is gone, for reasons ranging from inadvertent mistakes to outright fraud and abuse in one single agency.

But listen to this one. If anybody out there is not concerned with these pictures, listen to this. This is what the Air Force Logistics System found, and again now I am quoting word for word from the report that they sent back to my office. Three databases included in the Air Force's central logistics system contained discrepancies on the equipment, on the number of assets on hand, including ground-launched and air-launched cruise missiles, aircraft and helicopters.

Let me translate that into English. They went into the Pentagon, they looked at their central logistics system to try and figure out how many of these missiles they were supposed to have. When they went out in the field to find them, the number they found versus the number they were supposed to have was different numbers.

Let me read this one again, because of all of these things, this one scares the living daylights out of me.

Three databases included in the Air Force's central logistics system contained discrepancies on equipment, on the number of assets on hand, including ground-launched and air-launched cruise missiles.

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When you really go looking for this stuff, they cannot even find the air-launched and ground-launched Cruise Missiles.

Let me give you one more, and I know the gentleman from Michigan would like to jump in on this. The Forest Service, and again we have talked about the Air Force, we have talked about the Navy, we have talked about the Energy Department, we have talked about Medicare and the Air Force again. Let me give you another one. Here is Forest Service. The Forest Service could not determine for what purposes it spent $215 million.

When we look at this government and we look at the tax rate on the American people, and then we go into this sort of thing and we find out what

a mixed-up state of affairs we have out here, it is very, very clear to me that if they get their act together to a point where they actually know what they have and know where the money is going to, we can clearly find enough ways to reduce the tax burden on the American worker and accomplish all three of our goals, and that is leaving the government's hands off of Social Security, reduced taxes, and start paying down the Federal debt. But the way you do that is you go after these wasteful government programs.

Mr. HOEKSTRA. I think the gentleman is exactly right. When we have taken a look at the Education Department and when we have taken a look at the Labor Department, they cannot find or tell us where all the money went, and then we come back and we ask them specifically on program-by-program, give us some indication as to whether we are achieving the kind of results, the kind of effectiveness that we would like to have, and there are no benchmarks. We cannot go in and say this is what we are trying to do and these are the kinds of results that we are getting, so that the money we are actually spending is actually making a difference.

So you are identifying, I think, some pretty scary stuff, because you are again identifying, we could not know where the money is going, so that is almost an immediate savings that you could identify that says if we do not know where the money is going, we cannot be getting a whole lot of results for it.

Then the second thing is you can overlay that even when we know where the money is being spent, we do not know the kind of results that we are getting. So if you put that in the context of the Labor Department, we do not know where 25 percent of the money goes, and for 75 percent we do not know whether we are getting the kind of results we want to have.

In education we are spending $100 billion a year. We know that a good portion of that money stays with bureaucrats and bureaucracies, so that we know that that is not helping kids. And then you take a look the money that is actually filtering down with the strings that are attached to it. And, again, it may be a barrier to a local school, a teacher doing what they feel they need to do in their classroom, because the money comes and tells them what to do. So, again, we do not have an idea as to how effective those dollars are.

Mr. NEUMANN. I think it is very important in this discussion that we point out there is something being done about this. I would just like to walk you through what has happened so far, since we found this, and where we are going next with this thing.

I have to tell you, if this was my home building company and the person responsible for building 79 homes walked in my office and said, ''Mark, I have good news for you; I found all but 21 of the 79 homes we built last year,'' I have to tell you, I would not have the patience for what we are proposing in this legislation.

But when I proposed the legislation and we had our first hearing, we start hearing people concerned that we have gone too far here.

So let me say what has already been done. We brought a resolution to the floor stating this should have consequences to each one of the 24 agencies. That was relatively easy, because when you say ''consequence,'' nobody is hurt because nobody knows what consequences are.

We have gone the next step and I have written a piece of legislation, and here is what it does. It says in each one of the 234 agencies, we are going to identify the group of people responsible for knowing where the money is coming from and knowing where the money is going to and knowing where the equipment is. So we are going to identify the people who are actually responsible for the information contained in these audits.

We are going to give them 12 months. At the end of 12 months, if they cannot pass an audit, that group of people is going to have to find something else to do with their lives other than work for the United States Government. Also the agency will at that point lose 5 percent of their funding.

Now, the idea behind this proposal is twofold. First, we would like to identify the people responsible and actually place responsibility on someone, instead of saying it is that agency over there with no face attached to it. We with like to point out specifically who it is with responsibility for it.

We would like to also empower those people to have the people at the agency work with them to solve the problem. So we want to go at this, and, understand, they have already had four years in this whole thing. The bill started four years ago. So they have had four years already to bring the thing up to speed.

So when we say 12 months, what we are really saying is, we do not want to be heartless about this and go, you are fired tomorrow, although maybe that is what I would do in my own company. You have 12 months to get your act together. You specifically have the responsibility for it, and, if you are not successful, not only are you going to have consequences, but the agency itself should expect to have 5 percent of their funding withheld.

Now, what that should do is get the employees and the agency to work with the people responsible for straightening this mess out to a point where we actually can track the money that is going through, and not only track the money going through, but also track the assets of a particular agency.

Mr. HOEKSTRA. If the gentleman will yield, we are doing some of the same types of things in the whole area of education. You start with a resolution, kind of like what you said, there will be consequences. In the education area we set a goal.

We said that as a Republican Conference, or as a House, we passed a resolution here saying we want 95 cents of every education dollar to reach the classroom.

Tomorrow in committee, we are going to be working on a dollars-to-the-classroom piece of legislation, which is going to take a number of programs and put them into opportunity grants so that the dollars now flow to the classroom, flow to the child, rather than flowing through bureaucracy.

So we are making progress in moving along, in getting at these issues. So it is not just an issue of hey, look, it is broke. It is broke. We are working at constructively going after these problems, identifying why they have come up, how we can fix them, and now we are going through the legislative process of actually making a difference and changing the way things work in Washington.

Mr. NEUMANN. I just want to keep coming back to that point. The key here is as we eliminate this waste, it provides us with the dollars necessary to reduce the tax burden on the American people, while, at the same time, leaving our hands off of Social Security, which is what the Social Security Preservation Act does, and, at the same time, starting to make some payments on the Federal debt.

This is the bright optimistic vision for the future, a debt-free America for our children, Social Security restored for our senior citizens, and a lower tax burden on the American people.

I see that my good friend Mr. KINGSTON has joined us.

Mr. KINGSTON. I thank the gentleman for yielding. I have been listening with much interest on what you two have been doing on this, and I know you have been at it for many years and making progress. One of the things we have come across on the Committee on Appropriations, as you know, is plain out inefficiency, which is what this is, and the biggest example that we hear the most complaints about is the IRS.

One of the examples that was testified is the IRS went into a restaurant in New York, asked the patrons to leave, put down their forks and knives, leave, because the restaurant was behind in their payroll taxes. A month later it was proven that it was a mistake.

So what does the IRS do? They say gee, whiz, we are sorry. Think about that in the private sector, if you had somebody in charge of enforcing a law, a rule or whatever, in your company, and they blew it, just completely blew it.

We are on the verge of passing a bill in on the IRS which is similar to the legislation you are working on for an intangible efficiency, if you will, but of saying that if you are dragged before the IRS, you are innocent until proven guilty, and it will do the same thing

that your legislation does and what you are trying to do in education. It makes the individual frontline employee a little more careful to make sure he or she knows exactly what the goal is, what the rules are, and who the victim is. They put their rights out there and makes folks think twice.

As you know, another interesting thing about the IRS is they could not be audited, because their books were in such disarray no one knew where the head of the snake was. But we are taking steps to change that.

Mr. NEUMANN. Reclaiming my time, I would just like to bring you a personal experience from the private sector, because I have had one of these IRS experiences. It is almost like an out-of-body experience when you are done with it, because it is so bad.

When I first started in business, they assigned us two separate Federal tax ID numbers. Now if you want an absolute nightmare, get two Federal tax ID numbers. Because what would happen is we would file the appropriate tax forms under the appropriate tax ID number, but since we had a second tax ID number, the IRS came after us for not filing the forms that we had just filed.

So then we would then refile the forms under the new tax ID number, and, of course, then they would immediately come back after us for the old tax ID number that they still had assigned to my company.

This went on for months. I would pay taxes and they would send me a bill, and I would pay taxes and they would send me another bill. I would look at the bill and say I know I do not owe that money, but it is easier to pay them $600 that they are asking for than to fight with the people. So you would send them another check for $600, and then they would send you another bill a few months later on the other tax ID number.

This went only for a period of I do not remember how long, until finally we got sick of paying them the double tax rate and said we are not going to pay you anymore. We, of course, would pay them the one under one number, but we would not pay under both numbers anymore. It was going to bankrupt us, for crying out loud.

So we finally said we were not going to pay it anymore, and it got within two weeks of them posting a tax notice on my door saying you had not paid your taxes.

Finally, that was back long before I ever thought of Congress, I called the Congressional person, and the Congressional person actually made the IRS people actually sit down and look at the records and how much taxes we paid, and, if my recollection is right, they did send us some of the overpayment back. But it was an absolute nightmare from start to finish.

If you are a small business owner, you cannot afford the time to go fight with the IRS. You got enough to do to keep your head above water and keep from going bankrupt in the first place. This is our early days. We were just out of our basement. We had started a business in the basement of our home and we were in our first office struggling to make it. I will never forget the hassle we went through as they gave us these two separate ID numbers. So I have some personal experience with it.

Mr. HOEKSTRA. If the gentleman will yield, what we are talking about here is putting accountability into government. I will give you an example. The gentleman from Georgia (Mr. KINGSTON) and I came here in 1993, and one of the first pieces of legislation that came out of the committee that I serve on was called Education and Labor, was the Corporation for National Service, AmeriCorp, a brand new agency.

In 1995, I got responsibility for oversight for the Corporation for National Service. A brand new agency. It filtered in a couple of smaller agencies. In 1997 we did oversight. Because the President promised us this organization would be set up like the best in the private sector, I voted for this bill.

1997, none of their books were auditable, meaning that you could not take in an outside auditor and say that the money that came in from the American people and went to the Corporation for National Service was spent the way that it was intended to be spent. They could not tell us where the money went. It also set aside money for the scholarships that these kids earn for college. That was not auditable. It did not have integrity.

What is the response you get? If you say we want to put accountability in, it is like you are against AmeriCorp. It is kind of like, no, we want to know where the American taxpayer money went. We are doing what you had to do in the private sector, what I had to do in the private sector; we had to put accountability into our organizations, and we had to put integrity into the financial structure, because if you do not have accountability and if you do not have integrity, you are out of business. And in Washington, these programs just run on forever.

Mr. NEUMANN. As we talk about this, and I mentioned it earlier in the hour, I do think it is very, very important to keep this in perspective. When we came here three years ago, when all of a sudden it was a different group of people in control the House of Representatives, we had to first stop the bleeding.

We had a deficit of $200 billion a year, plus they were stealing the money out of the Social Security trust fund. We had to stop the bleeding before we could go and look at the next step and start getting into some of these older problems that had to be dealt with.

It is only because we have stopped the bleeding that we have gotten to a balanced budget, we have slowed the growth rate of Washington spending. It is only because we have slowed that bleeding, so-to-speak, or at least dramatically slowed it down, that we are able to now go to the next level and start solving some of the internal injuries, if you like, in this thing.

You first have to get spending under control to get to a point where you can take a look at the next level here, and that is what has been accomplished in three years.

The only reservation I have in this discussion, clearly all of this is wrong, but I think it is very, very important that we keep in perspective how far we have come in three short years, and then how far we still have yet to go.

□ 1915

The gentleman will remember, when our class came here 3 years ago, one of the projects was to sell a building, and we all worked very hard on that. The gentleman from Michigan I know remembers our group who came 2 years before, we were 100 percent there. But as I recall, we were told that in this massive $1.7 trillion Federal Government, that there were no buildings that they could spare to sell.

I do not remember what actually happened to that. I remember there was a tremendous fight to try to sell one building in the name of symbolism. Did one actually transfer, does the gentleman remember?

Mr. NEUMANN. Mr. Speaker, all I know is in the appropriations process right now we have made the decision to go forward with building more buildings.

In the debate we have had here in the 3 years since I have been here about the draconian cuts imposed on America by the Republican Party, what people have failed to mention is that in fact, spending has kept going up faster than the rate of inflation.

What they actually meant by ''draconian cuts'' is that instead of letting spending go up at twice the rate of inflation, we were going to stop the growth rate and at least hold it to the rate of inflation. When the gentleman talks about selling a building or building new buildings and so on, we need to understand that government spending is still going up at the rate of inflation. That is why they are struggling to sell off a building.

If we actually got to a point where we went after this waste and fraud and abuse in this government so we actually could reduce spending in real dollars, so that it was no longer going up as fast as inflation, which is what I think all 3 of us standing here would like to see, that is when we can actually do some tax reduction for the American people that is real, and we can also start doing things like eliminating some of the government property that we no longer need.

Mr. HOEKSTRA. If the gentleman will yield, Mr. Speaker, I just want to really thank the gentleman for putting it in perspective, what our priorities are: saving Social Security, paying down the debt, and reducing the tax burden.

Then when we take a look at not discussing the role or the mission of the Federal Government, because that is another debate, but just saying if we collectively decide that we are going to do everything that the government does today, but we are committed to do it more effectively and more efficiently, we can do those three objectives. We can save Social Security, we can pay down the debt, and we can lower taxes, just by saying we are going to be more effective and more efficient.

Then if we decide that certain of these things no longer need to be done by the Federal Government, we can even go faster towards those objectives.

Mr. NEUMANN. I get excited when we get to this point, because all of a sudden we begin to understand that we are no longer in 1993, whining and crying that we cannot do anything other than raise taxes on the American people to solve government problems.

All of a sudden, we understand that if we just get spending under control, we get our arms around some of this stuff and get it stopped, we can actually have this vision for the next generation, that the best days of America can be out in front of us instead of behind us.

If we can start looking, if we think about this for a minute, at controlling spending to the point where we can start paying down the debt, when we pay down the debt, $1 out of every $6 this government spends does nothing but pay interest on the debt. As we pay down the debt, it is easier to put the money aside for Social Security that should be put away for Social Security, and all of a sudden Social Security is safe for our senior citizens.

Of course, as we pay down the debt and the interest goes down all of a sudden, and we do not need that $1 out of $6, we can reduce the tax burden. Think about this vision for the next generation. We pay off the debt and give this Nation to our children debt-free. We stop stealing the Social Security money and in fact put the money back in that has been taken out. Social Security is safe and secure for our senior citizens.

We can reduce the tax burden, so when we look at a family, we do not have to have two people working two jobs each in order to make ends meet, when all of a sudden they do not have to be at that second and third jobs in order to pay their bills because the tax burden is so high.

I get going on this, but it is so important to remember, a generation ago the government, in all the different forms, only took $25 out of every $100 a person earned. Today they take $37 out. That extra $12 they are taking forces people to get a second and a third job, and when they get a second and third job, they spend less time with their kids.

It leads me right back to the education problem the gentleman has been talking about. When parents spend less time with their kids, the outcome is a poorer education, the outcome is more crime problems, more drug problems, more teen pregnancy, more teen smoking. All of the things wrong with our society happen when the folks have to take the second and third job, instead of having at least the opportunity to spend more time with their kids.

Again, I am not naive enough to think that if we simply reduce taxes all of the problems are going to go away. That is not going to happen. If we reduce taxes, at least parents will have the opportunity to make the decision to spend more time with their kids. In education, we need to empower the parents to have a role in the process of deciding what their kids are taught, where it is taught, and how it is taught.

As with we empower parents to make those decisions, they become more involved with their kids' lives, and we should expect a reduction in crime rate, a reduction in teen pregnancy, a reduction in drug use and teen smoking. That is the vision for the next generation we are talking about here.

Mr. HOEKSTRA. If the gentleman will yield, Mr. Speaker, even with the small tax cuts we did last year, the family that the gentleman talked about earlier, it is $2,300 per year that they are going to save. It is $2,300 after taxes.

Mr. NEUMANN. Yes, sir.

Mr. HOEKSTRA. That is about $40 to $50 a week that this family is going to have in increased disposable income. Somebody can say, maybe I will work a few less hours, but it is a choice they can now make that they did not have before.

Mr. NEUMANN. Let me put this in very real terms. That family of 5 I am talking about, they are a $50,000 a year kind of family. When Christmas comes they want to buy presents for their kids, but they are living paycheck to paycheck as they go along. All of a sudden when they get to Christmastime, what happens? The mother takes a second job so they can buy Christmas presents for the kids.

If we get the tax down, they have already the $2,300, we hope to go further, the taxes are down $2,300, she may still take the job and put the money in retirement, but the bottom line is, it is now her choice. It is not done out of necessity to be able to buy the Christmas presents, it is now being done out of choice as opposed to necessity. We have empowered that mother to make the decision at Christmastime to not go out and get a second job so she can pay for the Christmas presents.

How have we done that? We have simply let them keep more of their own money that they earned anyhow, instead of government spending it.

Mr. HOEKSTRA. The gentleman has just said it, not as much for Washington.

Mr. NEUMANN. Exactly.

Mr. KINGSTON. If the gentleman will yield, let us take that a step further. That is what I find so offensive and so absurd about what to do with the surplus. Both Members have outlined, and I am in 100 percent, there is really not a surplus. We have just taken the excess collected for Social Security, mixed it in the general revenues, to hide the deficit that is in the general revenues.

Mr. NEUMANN. Reclaiming my time momentarily, I have good news. I did not bring this out as clearly as I should have. We are now in surplus in both the general fund and in the Social Security fund. There is such good news on the economic front here. We now have a surplus in both funds, both general and Social Security. It is good news.

Mr. KINGSTON. That is excellent news. Let us take the Social Security completely out and do what the gentleman is proposing in his legislation, build a wall around it.

The point I am really getting to, if you are walking down the street and you find a wallet with $100 in it, you do not immediately start thinking, how am I going to spend this? You think about, who does this belong to? How do I get it back to them? That is what we in Washington should be doing with any surplus, saying, whose money is this? How do we get it back to them?

That should be our number one question in the context of let us pay off debt, money we have borrowed; but mostly, let us figure out whose money it is, which is not a hard question to answer, and how do we get it back to them, instead of what new programs should we start and what new buildings, airplanes should we buy, particularly when we are losing objects, large objects, like the gentleman has outlined.

Mr. NEUMANN. Is this not an exciting conversation, especially when we put it in the perspective of where we were 3 or 4 short years ago, where it was the wringing of our hands, and how are we going to get more money out of the pockets of the American taxpayer to give us enough to spend out here?

Now, here we are, standing here having this debate about, well, we are going to be able to put the Social Security money aside. This will be the first year, by the way. This will be the first year that we are actually able to put the Social Security money aside the way it is supposed to be, and it now appears that there is a surplus in the general fund besides. That is the $100 the gentleman is talking about, that surplus in the general fund, not the Social Security fund. That is the money that ought to be used for both tax reduction and restoring the Social Security, paying down the debt as we move forward.

What a wonderful generational objective or goal here, if we could pay off the debt, give the kids a debt-free Nation, restore Social Security so it is safe for today's seniors and the baby boomers, and also lower the tax burden on working Americans. Is that not really—does that not make our congressional service here worth it, if we

can bring the country back in that direction, especially when put in the perspective of where we got it 3 or 4 short years ago?

Mr. HOEKSTRA. I thank the gentleman.

MISLEADING STORY BY CNN AND TIME MAGAZINE

The SPEAKER pro tempore (Mr. DIAZ-BALART). Under a previous order of the House, the gentleman from Colorado (Mr. MCINNIS) is recognized for 5 minutes.

Mr. MCINNIS. Mr. Speaker, I don't know how many can remember, but about 2 weeks ago CNN started their headline news. Their leading story on CNN was how the United States military used a poisonous gas that by international treaty is a violation and considered a war crime. CNN did not say there was speculation. CNN did not say there was an allegation. The CNN/Time article said it was used to go in and get American defectors.

What CNN/Time failed to mention to the American public was their source of information. The original source of information was a lieutenant. The lieutenant did not remember this gas. In fact, he said he forgot it for 25 years, went without this memory, until he happened to be interviewed by one of the reporters with CNN and Time.

During that interview on Easter Sunday, and by the way, the gentleman is a heavy drinker, he all of a sudden recalled that 25 years ago the United States military went and used poisonous gases on the Viet Cong. It is an international war crime.

So CNN goes to their second source. CNN does not mention to the American public that their second source has filed for a full disability, so he has every incentive to come out and agree with the first source's story.

Guess what? Thank goodness, Newsweek decided to look a little closer, to investigate the facts, not to run a story that impugns the United States government, impugns the United States military, impugns the commanding officers during that period of time, impugns the President of the United States, Richard Nixon, by alleging that this poison gas, a war crime, was used in secret.

No, Newsweek decides to do their homework. Guess what they find out? They are the ones that come out and say, wait a second, the other people involved in this say this is a bunch of nonsense. The pilots say, it could not possibly happen, we did not have masks. The general, who by the way was a third source for Time/CNN, 88 years old and in an assisted care facility, denies that he said what Time and CNN said he said.

Peter Arnett, we all know Peter Arnett, what was his response to Newsweek? ''It is one side of the story. I think it was a fair article.'' Yes, well, Mr. Arnett, you were not on the receiving end of this thing. How would you like to have your integrity, and to the executives at CNN and Time, how would you like your integrity impugned? How would you like that to happen to you before they went and verified the facts?

Not a credit to Time magazine, not as the partnership of Time/CNN, but in credit to Time, I will say, and in reverence to full disclosure, Time magazine has said that they are going back to the story, they are going to reinvestigate the story, and they will report the facts as they find them. So at least they have acknowledged that they need to look at this just a little closer.

But does this remind Members of a Richard Jewell kind of case? Remember Richard Jewell, the so-called alleged Olympic bomber, who the press could not wait, within hours, and in fact, they were there at the time the police went to Mr. Jewell's apartment? They destroyed the man. Just remember this story. All of us remember 2 weeks ago what Time and CNN did.

Mr. Speaker, I can tell the Members that Time and CNN and every other press, every other publication or every news media in this country expects the United States Congress to have integrity, expects us to check our sources. We know any time or a lot of times we do not, we get barbecued by them. That is as it should be. But it should also run in the other direction.

In my opinion, the United States of America has a military that is second to none, has a military that has lots of officers and lots of enlisted people who have very high integrity, are people of strong dedication, strong moral values.

How do Members think they felt when on the lead story out of CNN, and Time runs a big story in Time magazine, that says that the United States military committed war crimes, war crimes? The same kind of crimes, war crimes, that people were executed after World War II for committing war crimes. These national publications accused our government of committing a war crime by using, by the way, the chemical sarin, of using that chemical.

□ 1930

My gosh, these are two of the leading media institutions in this country, and they have an ethical obligation to check those sources. Thank goodness that Newsweek stepped forward and ran the kind of investigation they ran.

I beg of Time magazine, to all those executive officers, and I hope some of them are listening tonight as I speak to my colleagues here, I beg of these people, go back, check that story. And if that story is not true, give the United States military, the United States military personnel, President Nixon and everybody else that was impugned by those articles and by that press release, give them the same kind of coverage and retraction of this article as you gave in attack as a result of this article.

THOUGHTS ON EVENTS IN TIANANMEN SQUARE

The SPEAKER pro tempore (Mr. DIAZ-BALART). Under a previous order of the House, the gentleman from South Carolina (Mr. INGLIS) is recognized for 5 minutes.

Mr. INGLIS of South Carolina. Mr. Speaker, let me thank the gentleman from New Jersey for allowing me to proceed at this moment, appreciate that very much.

In May of 1989, students began a protest for democratic reforms in Beijing's Tiananmen Square. Their movement began modestly, then swelled to thousands as they occupied the square in what they saw as a people's movement. From the flat stone of the square they erected a 10-foot-tall likeness of the world's most recognizable symbol of freedom, the Statue of Liberty.

Threatened, divided, Beijing's hardline leaders invoked martial law and ordered the army to the square. Huge throngs, possibly amounting to more than 1 million Chinese, took to the streets to defy martial law and block troops from their planned crackdown on China's young freedom fighters.

The world saw gripping pictures of an unarmed man refusing to give way to an approaching tank.

''With the people behind us, we'll succeed,'' one student told a reporter. ''No government can survive by using the Army against its own citizens.''

Tragically, he was wrong.

The New York Times reported the following scene on June 4, 1989:

> Tens of thousands of Chinese troops retook the center of the capital early this morning from pro-democracy protesters, killing scores of students and workers and wounding hundreds more as they fired submachine guns at crowds of people who tried to resist.

The hard-line leaders gave personal attention to the students' Statue of Liberty. ''Push it down,'' they ordered.

We stand with the students. We do not stand with the dictators. The students of freedom look to their teachers, to the shining city on the hill. Lady Liberty searches the horizon for her fallen likeness. She listens for our voice. Let us be her voice.

Let us say for her, as Moses said to Pharaoh, ''Let my people go.''

Let them go out of your prisons of conscience. Let them go out of your slave labor camps. Let them go out of your forced abortion clinics, and let our brothers and sisters worship our God, the creator and sustainer of the universe. Yes, with Lady Liberty, let us say, ''Let my people go.''

Last week, 51 Members of this House sent a letter to the President pleading with him not to be received in Tiananmen Square. Go, if you must, to China, but do not go to Tiananmen Square, we urged. Do not let compromise and cajoling wash away the memory of those students.

They died for freedom. Let that stand. Let the dictators know that no American President will be received

there, not until the dictators are gone and the teachers of freedom have erected a new Lady Liberty, our gift to the students, the students of freedom.

I was in school when President Reagan, standing in front of the Berlin Wall said, ''Mr. Gorbachev, take down this wall.''

Many saw the scene as a reckless, silly old man standing against the night calling for the light and truth of freedom. But President Reagan was sure of what he spoke. He stood for freedom. He stood for principle, and he dared to dream of a different and better world.

How can it be that we have shifted so quickly to a place of compromise and appeasement, to a place of favoring corporate profit over foundational principles, to a place of investigating the nearly unutterable, that campaign contributions may have driven the transfer of American-made missile guidance systems to an enemy of freedom?

Last week the House voted 409 to 10 to set up a special nine-member committee with far-reaching authority to look into whether U.S. national security has been undermined in this matter. According to our intelligence agencies, at least 13 intercontinental ballistic missiles with American missile guidance systems may be pointed at the United States of America.

''Knock it down,'' the dictators ordered. God forbid that it should happen to the real Lady of Liberty. God forbid.

REPORT ON H.R. 4112, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 1999

Mr. KINGSTON, (during the special order of Mr. NEUMANN) from the Committee on Appropriations, submitted a privileged report (Rept. No. 105–595) on the bill (H.R. 4112) making appropriations for the Legislative Branch for the fiscal year ending September 30, 1999, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore (Mr. DIAZ-BALART). Pursuant to clause 8 of rule XXI, all points of order are reserved on the bill.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4103, DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 1999

Mr. MCINNIS (during the special order of Mr. PALLONE), from the Committee on Rules, submitted a privileged report (Rept. No. 105–596) on the resolution (H. Res. 484) providing for consideration of the bill (H.R. 4103) making appropriations for the Department of Defense for the fiscal year ending September 30, 1999, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4104, TREASURY, POSTAL APPROPRIATIONS ACT, 1999

Mr. MCINNIS (during the special order of Mr. PALLONE), from the Committee on Rules, submitted a privileged report (Rept. No. 105–597) on the resolution (H. Res. 485) providing for consideration of the bill (H.R. 4104) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1999, and for other purposes, which was referred to the House Calendar and ordered to be printed.

MANAGED CARE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, tonight I would like to talk again about the issue of managed care reform, and I have said before on the floor that this issue, without question, has become one of the most important on the minds of Americans, not only in my district but I think throughout the country.

The reason that it has become so important is because patients are being abused within managed care organizations. Patients often lack basic elementary protections from abuse, and these abuses are occurring because insurance companies and not doctors are dictating which patients can get what services under what circumstances.

Within managed care organizations or HMOs, the judgment of doctors is increasingly taking a back seat to the judgment of insurance companies. Medical necessity is being shunted aside by the desire of bureaucrats to make an extra buck, and people are literally dying because they are not getting the medical attention they need and, ironically enough, are in theory paying for through their premiums.

This is not an exaggeration. Myself and the gentleman from Iowa (Dr. GANSKE), who will be joining me tonight, and other colleagues on both sides of the aisle have told numerous stories about people throughout the country who have been negatively impacted by managed care.

As I mentioned before, because of the importance of this issue, there are a number of legislative proposals that have been introduced to give patients the protections they deserve from managed care organizations. And working with the Democratic Caucus' Health Care Task Force, which I co-chair, the gentleman from Michigan (Mr. DINGELL) introduced legislation which would provide patients with a comprehensive set of protections from managed care abuses.

His bill, the Patients Bill of Rights, is not an attempt to destroy managed care. It is an attempt to make it better. To emphasize that point, supporters of managed care reform want just that, reform, not a dismantling of managed care.

The Patients Bill of Rights would help bring about that reform by putting medical decisions back where they belong, with doctors and their patients. I have to mention that this is also a bipartisan bill, with 7 Republican cosponsors, including my colleague the gentleman from Iowa (Dr. GANSKE).

Unfortunately, though, the Patients Bill of Rights does not enjoy the support of the Republican leadership. It is not clear exactly where they stand on the issue of managed care reform. There is still a task force that the Republicans have put together and has been meeting, but so far the Republican leadership has not allowed any managed care reform bill to be heard in committee or to be marked up in committee or to come to the floor, and I believe that that is because of the power of the insurance industry that that has not happened so far.

Mr. Speaker, tonight I just wanted to say that there have been some recent important developments on this issue. I am going to let my colleague, the gentleman from Iowa (Dr. GANSKE) go into some of this, but I just wanted to say that legislation was introduced today by the gentleman from Iowa (Dr. GANSKE) and the gentleman from Michigan (Mr. DINGELL), again on a bipartisan basis, to try to bring the Patients Bill of Rights and possibly other managed care reform to the floor through what we call a discharge petition. Basically a discharge petition is necessary when the House leadership will not allow a bill to come to the floor through the normal committee process.

I just wanted to say how much I appreciate the efforts of my colleague from Iowa, not only in introducing this discharge petition today with the gentleman from Michigan (Mr. DINGELL) but also because the gentleman from Iowa (Dr. GANSKE) has been an outspoken champion and leader of the movement here in the House to bring the Patients Bill of Rights to the floor, and I think he deserves a tremendous amount of credit for that reason.

The only thing I also wanted to mention today about this discharge petition is that I believe that there is a tremendous amount of support for this. As my colleague knows well, we have been working closely with over 150 groups that support the Patients Bill of Rights. I think the Patients Bill of Rights now has 192 cosponsors.

Another bill on managed care reform which the gentleman from Iowa (Dr. GANSKE) has supported, the PARCA bill, has even more cosponsors, from what I understand, so I do not think it is going to be difficult to get support for this discharge petition.

The last thing that I did want to mention though, before yielding to the

gentleman, is that we are going to push for this discharge petition over this week and during the congressional recess so that when we come back, we hopefully will get enough signatures so that we can bring the Patients Bill of Rights to the floor.

I am still very concerned that the Republican leadership is going to try to produce a watered-down managed care reform bill. As we know, the Speaker has already rejected one proposal by the GOP task force because it had too many patient protections in it. There are reports now that some patient protections have crept back into the GOP plan and that the task force will come forward with a bill this week or sometime in the future. But I think we need to watch out that it is not legislation that is substantially weaker than the Patients Bill of Rights or the PARCA bill or some of the other strong legislation that we have been pushing. Obviously, we are going to keep a careful eye on that as we proceed over the next few weeks.

With that. Mr. Speaker, I yield to the gentleman from Iowa (Dr. GANSKE).

Mr. GANSKE. Mr. Speaker, I appreciate the remarks of my colleague from New Jersey. Once again, here we are on the floor addressing our colleagues about abuses in managed care as they relate to a Federal law that was passed some 25 years ago called ERISA, Employee Retirement Income Security Act, which basically gave legal immunity to health plans that are health plans for self-insured employer plans.

I think without that prior Federal legislation, we would not need to be here tonight. But because the majority of people who get their insurance from their employer are now in HMOs versus the traditional type of indemnity insurance, and because so few of them have a true choice in terms of the health plan that they choose, many employers now will only offer an employee one plan, take it or leave it, so that if you are talking about choice in the health care marketplace, you are really talking about having to change your job before you have a choice.

I do want to address the issue of the resolution that I introduced today along with Mr. DINGELL. Nothing would please me more than to hear my Republican leadership say before August recess we are going to have a full and fair debate on the floor on managed care. After all, we have two bills, the Patients Bill of Rights, Patient Access to Responsible Care Act, with broad bipartisan support. I think it is well recognized that if there is debate on the floor, one of these bills could easily pass with much more than a majority.

□ 1945

There is significant sentiment in the Republican Conference for a patient protection legislation. So it would please me greatly if my own Republican leadership would come out and say, do you know what, we agree with 9 out of 10 Americans that we should pass Federal legislation with federally enforceable standards for quality protection.

We are going to bring this to the floor in a fair manner, not with the type of rule that we have seen with campaign finance reform, which is death by 1,000 amendments, but a fair rule giving both sides of the issue a chance to debate this issue on the floor, to talk about the abuses in the industry, how to fix them, how to provide protections for the average American similar to the type of protections that we have already passed for Medicare patients and the balanced budget act. We will go into that in a little bit more detail.

So nothing would please me more than to have the leadership not make a discharge petition a necessity. Unfortunately, we have seen over the last 3 months, one delay after another from the Republican Health Care Task Force.

We are told that tomorrow we will hear about some principles of legislation coming out of the task force, but we are also told that a bill is not available to look at. In fact, there may not be a bill available until after the Fourth of July recess.

As everybody knows, we are looking at a shortened legislative session. And I think it is fair to say from conferences I have had with my colleagues that there are some Members of the House and of the Senate that want to delay this legislation and delay it and delay it; delay it until we get into October, and then all of a sudden, gee whiz, we have to adjourn so we can go home and campaign for the fall elections. It is just too bad that we did not get to this issue.

I do not think that that is the right way to go, and so I am looking forward to the Republican leadership responding to the majority of the House bringing this forward for a full debate in a fair way with a fair rule, time-limited fashion, prior to August recess. If that is the case, there will not be any need for a discharge petition.

But I would just like to talk a little bit, before yielding back to my colleague, about why we need this legislation. We could come here to the floor every night, and we could give case after case of an abuse in the managed care in the industry. But I want to just read one story written by the patient about how he was treated by his HMO.

This is related by a fellow by the name of Edward Mycek, and these are his words:

> In November of 1997, I found out that I had prostate cancer. After discussing treatment and recovery options, my doctor advocated surgery to remove the prostate. I decided to get another opinion.
>
> After consulting with the new doctor at Loma Linda University Medical Center, I decided on proton and 3–D conformational radiation treatment. The new physician and his staff concluded that I was an excellent candidate for the treatment for a number of reasons.
>
> The doctors at Loma Linda Medical Center then contacted my insurer, which said that it would pay for the full treatments. In fact, my insurer called back to inform me that the insurance policy covered these treatments, and they would notify the medical center that the procedure had been authorized. The authorization never arrived at the medical center.

So, Mr. Mycek continues:

> Worried about the delay of my care, I called my insurer, who told me that they had reversed the decision. The company claimed that this treatment, this radiation treatment was 'experimental and investigational.' Loma Linda, then faxed factual information to my insurer which explained that the procedure was not experimental or investigational.

In fact, I as a physician have known about this treatment for a long time. It is a commonly accepted type of treatment for prostate cancer.

The medical center doctor also wrote a letter that discussed the differential recovery rates. The radiation had a recovery rate of 98 percent versus 83 percent for surgery.

Mr. Mycek continues:

> After several stressful weeks, I was still denied hope. I asked my insurer what other treatments were covered. They responded by saying they could not say. After being passed back and forth like a ping-pong ball, I could not wait any longer.
>
> On February 17, 1998, after paying up front himself, I began my first of 44 radiation treatments. This is a financial burden on our family. Today I have completed all 44 radiation treatments, and I am due for a check-up.
>
> After all is said and done, Mr. Mycek continues, I still feel that I have been denied needed care by an agent 3,000 miles away, seated at a desk and appointed by the company to decide the quality of care I receive. I have worked for this well-known company for almost 32 years, and this was the first major claim I ever made.
>
> Because my insurer is protected by ERISA, I can recover no damages from them. I do not have the resources to pressure my insurer to provide better care. Is this ERISA law a fair and just medical insurance law to employees,

Mr. Mycek continues. Not by any means.

Well, this is just one example of thousands that we could bring to the floor to discuss why we need to have legislation like this.

I keep hearing from my colleagues, my conservative Republican colleagues, and I should point out that I have one of the more conservative voting records in the House, that, gee whiz, you know, this organization could interfere with free markets.

I would just like to point out an article that appeared in the June 26 issue of Human Events. Human Events is one of the more conservative newspapers in publication. It is published by Eagle Forum. One of the more conservative columnists is a fellow by the name of M. Stanton Evans.

Mr. Evans wrote this article: HMO Rationing Threatens Patients: Why and How Conservatives Should Support PARCA Reform.

Mr. Evans says,

> Once seen as a magic cure for rising health costs, managed care has become a serious problem in its own right.

Remember, this is a very conserv-

ative columnist for one of the most conservative weeklies in the country.

He continues:

Reports of care denial, quicker and sicker release of patients, charges of wrongful death, and suffering are now familiar items. But lobbyists for business, free market think tanks, editorialists with leverage on the GOP, have charged forth defending HMOs from this type of legislation, arguing that a crackdown on managed care would be an intolerable interference with 'the market.'

Mr. Stanton continues:

However, as previously noted in this column, such arguments are totally off base. HMOs and managed care are not free market in any serious meaning of the term. It is worth repeating the neglected point that HMOs resemble in their basic structure the so-called global budgets of collectivist systems overseas in which a certain fixed amount of money is allocated to pay for everyone's free care. And doctors get the dirty job of denying treatment. They do things this way abroad because there is no market.

Then Mr. Stanton Evans continues:

The bottom line of this repressive sequence is that HMOs are rationing machines in a government-spawned nonmarket setting, which means the market plea of protecting them from PARCA or a patient bill of rights fizzles.

Finally, Mr. Stanton Evans continues, and he summarizes:

A more sensible position on the topic might look approximately as follows: First, so long as HMOs are called on to ration care in a nonmarket framework, PARCA or something like it should be adopted and amended so as to distinguish between legitimate indemnity insurance on the one hand and top-down health care denial on the other.

I would just like to point out this is a very conservative publication. There is broad bipartisan support across the ideologic spectrum for a patient bill of rights type of legislation. This is something that we ought to move forward on and pass and at least have a debate on the floor of Congress on this issue.

Mr. PALLONE. Mr. Speaker, I appreciate the gentleman's remarks, and I think that there is no question that these patient protections are needed. We will get into more of them.

Mr. Speaker, I would just like to continue along the line of what the gentleman from Iowa (Mr. GANSKE) mentioned. We said over and over again the type of patient protections that we are seeking either with the patient's bill of rights legislation or the PARCA bill is really nothing more than a commonsense approach, the type of protections that I think most Americans would think that they already have with their health plan or with their health insurance but, unfortunately, they do not.

I just wanted to get into two provisions of the patient's bill of rights and give two examples again similar to what the gentleman from Iowa (Mr. GANSKE) did. One is the important access, if you will, to specialty care. The bill, the patient's bill of rights, establishes certain standards to ensure hassle-free access to appropriate specialty care.

What it says basically is that plans must have a process for individuals to access specialty care if they need it. If the plan does not have an appropriate specialist in the network, it must provide an outside referral to such a specialist, at no additional cost to the patient.

I had an example. There is a group called Consumers for Quality Care that actually put out what they call ''Casualty of the Day.'' Every week, they put out some examples of patients who suffered casualties from abuse by HMOs.

This one I think applies very well to this issue of specialty care or lack of access provided by the HMO or the managed care organization to specialty care. If I could just use it as an example. This is Judith Packevicz from Saratoga Springs, New York. Actually, that is a different example I want to give for another one. I apologize.

The example I want to give with regard to the specialty care is Francesca Tenconi, who is an 11-year-old girl from Oakland, California. Again, this is from Consumers for Quality Care. She suffers from, and the gentleman from Iowa (Mr. GANSKE) probably will be able to help me with this better, pemphigus foliaceous.

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

Mr. PALLONE. I yield to the gentleman from Iowa.

Mr. GANSKE. I believe it is pemphigus foliaceous.

Mr. PALLONE. I am not pronouncing it, but I thank the gentleman for the help. This is an autoimmune disease in which the body's immune system becomes overactive and attacks the protein which adheres to the top layer of skin to the body.

Her parents had to battle with their HMO to insist upon appropriate diagnosis and medical care. According to Donald Tenconi, Francesca's father, her medical insurance ordeal began in December 1995 when, at the age of 11, she developed what was diagnosed as a skin rash.

By March, the condition had spread and become worse. By late April, the condition was so bad she could not attend school. During this period, several requests were made for referrals to specialists outside the HMO, and these were all denied.

Finally, on May 8, 1996, almost 6 months after the first appearance of symptoms, the HMO sent biopsies to out-of-network doctors and finally obtained an accurate diagnosis. The diagnosis was the disease that I mentioned and that the gentleman from Iowa (Mr. GANSKE) translated for me.

Even after receiving the diagnosis, the Tenconis' HMO still insisted on treating the disease primarily with its own doctors, in-network doctors. It was not until February of 1997, over 1 year after the symptoms first appeared, that the HMO finally agreed to allow Francesca to receive care at Stanford Medical Center, which possessed the doctors capable of providing the best care available in the San Francisco Bay area.

Explaining the prolonged and unnecessary pain of lying down without skin on your back for over 1 year, Donald said, this is her father again, ''If you feel this pain, you will shed tears of pain, the same pain that Francesca shed night after night, week after week for many months.''

Again, I mention it because I think that it is necessary to have the patient protection that provides access to specialty care outside the network when the in-network doctors do not have the ability to take care of the individual.

□ 2000

Under the Patients' Bill of Rights, not only is that the case that they have to allow you to go outside of the network if there is not someone inside who has that specialty ability, but also patients with serious ongoing medical conditions are able to choose a specialist to coordinate their primary and specialty care. So if you have a chronic illness that requires this kind of specialty care over a long period of time, essentially your specialist becomes something like your primary care provider so you do not have to constantly go back and get these referrals.

The other example I wanted to mention, again one of the other major protections that we talk about is that decisions about provision of medical care should be based on what is medically appropriate for the patient. They should not be based on the cost considerations of an accountant or bureaucrat. The Patients' Bill of Rights prohibits health plans from arbitrarily overriding medical decisions by your physicians when these decisions are made according to generally accepted principles of medical practice. Again that refers to length of stay in the hospital, equipment, a particular type of surgery that may be required, that this is supposed to be done based on what is medically appropriate based on the decision of your doctor rather than the bureaucrats.

Again, I think the gentleman from Iowa mentioned the other day an example of somebody who needed a liver transplant. I do not know if this is exactly the same example, but I would just like to mention it again if I could. This is the case I mentioned before, Judith Packevicz from Saratoga Springs, who suffered from a rare form of cancer of the liver. The HMO refused to pay for a liver transplant which was recommended by her oncologist with the support of all her treating physicians. Again, a decision that was made based on what the doctors felt was appropriate under the circumstances to have this liver transplant, but because it cost an estimated $345,000, the HMO, of course, refused to have it done and did not really give an explanation about why. I will say here it was undoubtedly the cost of it. Again they made a decision to deny her this liver transplant

even though her son, Thomas Dwyer, was a willing and able donor. There were 13 other friends of Judith who volunteered to donate a part of their liver. So she had somebody willing, able, would not do it because of the cost undoubtedly, and she actually had to bring suit, again under ERISA. She cannot recover damages, only the cost of the procedure that was denied in the first place, and although it is possible that she ultimately would get the liver transplant, there was no way for her really to sue for any damages that would result because of the issue that you brought again which is that the HMO basically cannot be sued for damages.

Mr. GANSKE. If my colleague would yield, for the reasons that we have outlined tonight and in previous special orders, there is broad support by a number of organizations for this. I have eight pages here in fine type of endorsing organizations for both the Patients' Bill of Rights and the Patient Access for Responsible Care Act. With your indulgence, I will just read through a few of these. These are all organizations that have endorsed this type of legislation:

The Alzheimer's Association, the American Academy of Child Psychiatry, the American Academy of Emergency Medicine, the American Academy of Pediatrics, the American Association of Respiratory Care, the American Association of Nurse Anesthetists, the American Association of Pastoral Counselors. I am obviously not hitting all of these organizations on this list, just selecting a few, so for those that I do not mention, forgive me.

The American Association of Retired Persons, AARP, the American Association of Mental Retardation, the American Cancer Society, the American Dental Association, the AFL-CIO, the American Federation of Teachers, the American Heart Association, the American Lung Association, the American Medical Association, the American Nurses Associations, the American Public Health Association, Catholic Charities, Children's Defense Fund, Consumer Federation of America, Consumers Union, Families USA, even companies like Genzyme, League of Women Voters, Meals on Wheels of Lexington, National Association of Rural Mental Health, National Association of Children's Hospitals, National Association of Public Hospitals, National Consumers League, National Council of Senior Citizens, National Multiple Sclerosis Society. These are all organizations. Let me continue.

NETWORK: A National Catholic Social Justice Lobby; Service Employees International Union, United Cerebral Palsy. Mr. Speaker, I submit these lists for the CONGRESSIONAL RECORD, as follows:

ORGANIZATIONS SUPPORTING THE PATIENT'S BILL OF RIGHTS ACT OF 1998

ABC for Health, Inc.
Access Living
AIDS Action
AIDS Law Project of Pennsylvania
Alamo Breast Cancer Foundation and Coalition
Alcohol/Drug Council of North Carolina
Alliance for Rehabilitation Counseling
Alzheimer's Association Greater Richmond Chapter
Alzheimer's Association NYC Chapter
American Academy of Child and Adolescent Psychiatry
American Academy of Emergency Medicine
American Academy of Neurology
American Academy of Pediatrics
American Academy of Physical Medicine and Rehabilitation
American Association for Marriage and Family Therapy
American Association for Psychosocial Rehabilitation
American Association for Respiratory Care
American Association of Children's Residential Centers
American Association of Nurse Anesthetists
American Association of Pastoral Counselors
American Association of Private Practice Psychiatrists
American Association of Retired Persons
American Association of University Women
American Association on Mental Retardation
American Autoimmune Related Diseases Association
American Board of Examiners in Clinical Social Work
American Cancer Society
American College of Emergency Physicians
American College of Obstetricians-Gynecologists (ACOG)
American College of Physicians
American Counseling Association
American Dental Association
American Federation for Medical Research
AFL–CIO
American Federation of State, County, and Municipal Employees
American Federation of Teachers
American Gastroenterological Association
American Group Psychotherapy Association
American Heart Association
American Lung Association
American Medical Association
American Medical Rehabilitation Providers Association
American Music Therapy Association
American Network of Community Options and Resources
American Nurses Association
American Orthopsychiatric Association
American Psychiatric Association
American Psychiatric Nurses Association
American Psychoanalytic Association
American Psychological Association
American Public Health Association
American Speech-Language-Hearing Association
American Therapeutic Recreation Association
Anxiety Disorders Association of America
Arc of Washington State
Asian and Pacific Islander American Health Forum
Association for the Advancement of Psychology
Association for Ambulatory Behavioral Health Care
Association of Behavioral Health Care Management
Bazelon Center for Mental Health Law
Brain Injury Association
California Advocates for Nursing Home Reform
California Breast Cancer Organizations
Catholic Charities of the Southern Tier
Center for Patient Advocacy
Center for Women Policy Studies
Center on Disability and Health
Children and Adults with Attention Deficit Disorders
Child Welfare League of America
Children's Defense Fund
Clinical Social Work Federation
Coalition of Wisconsin Aging Groups
Colorado Ombudsman Program—The Legal Center
Communication Workers of America—Local 1039
Consortium for Citizens with Disabilities Health Task Force
Consumer Federation of America
Consumers Union
Corporation for the Advancement of Psychiatry
Crater District Area Agency on Aging
Dekald Development Disabilities Council
Delta Center for Independent Living
Disabled Rights Action Committee
Eastern Shore Area Agency on Aging/Community Action Agency, Case Management Department
Epilepsy Foundation of America
Families USA Foundation
Family Service America
Family Voices
Federation for Children With Special Needs
Florida Breast Cancer Coalition
Gay Men's Health Crisis
Gazette International Networking Institute (GINI)
General Clinical Research Center Program Directors Association
Genzyme
Glaucoma Research Foundation
Health and Medicine Policy Research Group
Human Rights Campaign
Independent Chiropractic Physicians
International Association of Psychosocial Rehabilitation Services
League of Women Voters
Mary Mahoney Memorial Health Center
Massachusetts Association of Older Americans
Massachusetts Breast Cancer Coalition
Meals on Wheels of Lexington, Inc.
Mental Health Association in Illinois
Mental Health Net
Minnesota Breast Cancer Coalition
National Abortion and Reproductive Rights Action League
National Alliance for the Mentally Ill
National Association for Rural Mental Health
National Association for the Advancement of Orthotics and Prosthetics
National Association of Children's Hospitals
National Association of Development Disabilities Councils
National Association of Homes and Services for Children
National Association of Nurse Practitioners in Reproductive Health
National Association of People with AIDS
National Association of Protection and Advocacy Systems
National Association of Psychiatric Treatment Centers for Children
National Association of Public Hospitals and Health Systems
National Association of Public Hospitals
National Association of School Psychologists
National Association of Social Workers
National Black Woman's Health Project
National Breast Cancer Coalition
National Caucus and Center on Black Aged, Inc.
National Consumers League
National Council for Community Behavioral Healthcare
National Council of Senior Citizens
National Hispanic Council on Aging
National Marfan Foundation
National Mental Health Association
National Multiple Sclerosis Society
National Parent Network on Disabilities
National Partnership for Women & Families
National Patient Advocate Foundation

National Therapeutic Recreation Society
NETWORK: A National Catholic Social Justice Lobby
Nevada Council on Developmental Disabilities
Nevada Council on Independent Living
Nevada Forum on Disability
Nevada Health Care Reform Project
New York City Coalition Against Hunger
New York Immigration Coalition
New York State Nurses Association
North Carolina State AFL–CIO
North Dakota Public Employees Association—AFT 4660
Oklahoman for Improvement of Nursing Care Homes
Older Women's League
Ombudservice
Oregon Advocacy Center
Paralyzed Veterans of America
Permanency Planning Services, Inc.
Physicians for Reproductive Choice and Health
President Clinton
Reform Organization of Welfare (ROWEL)
RESOLVE
Rhode Island Breast Cancer Coalition
Rockland County Senior Health Care Coalition
San Diego Federation of Retired Union Members (FORUM)
San Francisco Peakers Senior Citizens
Service Employees International Union
Service Employees International Union—Local 205
Service Employees International Union—Local 585, AFL–CIO CLC
South Central Connecticut Agency on Aging
Southern Neighborhoods Network
The ARC
Tourette Syndrome Association, Inc.
United Automobile, Aerospace & Agricultural Implement Workers of America (UAW)
United Cerebral Palsy Association
United Church of Christ, Office for Church in Society
Vermont Public Interest Research Group
Voluntary Action Center
Volunteer Trustees of Not-For-Profit Hospitals
West Side Chapter NCSC
Western Kansas Association on Concerns of the Disabled
Women in Touch

GROUPS ENDORSING H.R. 1415, THE PATIENT ACCESS TO RESPONSIBLE CARE ACT

Academy of General Dentistry
American Academy of Child and Adolescent Psychiatry
American Academy of Emergency Medicine
American Academy of Nurse Practitioners
American Association of Children's Residential Centers
American Association of Marriage and Family Therapy
American Association of Nurse Anesthetists
American Association of Oral and Maxillofacial Surgeons
American Association of Pastoral Counselors
American Association of Private Practice Psychiatrists
American Association of Psychiatric Services for Children
American Association of Psychosocial Rehabilitation
American Chiropractic Association
American College of Emergency Physicians
American College of Nurse-Midwives
American College of Radiology
American Counseling Association
American Dental Association
American Federation of Home Health Agencies
American Group Psychotherapy Association
American Mental Health Counselors Association
American Occupational Therapy Association
American Optometric Association
American Orthopsychiatric Association
American Physical Therapy Association
American Podiatric Medical Association
American Psychiatric Association
American Psychiatric Nurses Association
American Psychoanalytic Association
American Psychological Association
American Society of Radiologic Technologists
American Speech-Language-Hearing Association
American Student Dental Association
Anxiety Disorders Association of America
Association for Ambulatory Behavioral Healthcare
Association for the Advancement of Psychology
Association of Behavioral Healthcare Management
Center for Patient Advocacy
Children and Adults with Attention Deficit Disorder
Clinical Social Work Federation
Cooperation for the Advancement of Psychiatry
Family Service America
Home Health Services and Staffing Association
International Association of Psychosocial Rehabilitation Services
Medical Association of Georgia
National Alliance for the Mentally Ill
National Association for Home Care
National Association for Rural Mental Health
National Association of Protection and Advocacy Systems
National Association of Psychiatric Treatment Centers for Children
National Association of Social Workers
National Community Pharmacists Association
National Council for Community Behavioral Healthcare
National Federation of Societies for Clinical Social Work
National Kidney Foundation
National Mental Health Association
National Mental Health Association
Opticians Association of America
Partnership for Recovery
Betty Ford Center
Hazelden Foundation
Valley Hope Association
Research Institute for Independent Living

Mr. Speaker, people say, what is in this legislation? We have already addressed some of this. The funny thing about it when we are looking at all of the opponents to this legislation is that the majority of the Members of Congress have already voted for the majority of items that is in this legislation.

I have here, Mr. Speaker, a side-by-side comparison of the items in Medicare Plus Choice that this House passed last year as it relates to internal appeals, external appeals, access to care, information disclosure, gag rules, advance directives, provider incentives, nondiscrimination, confidentiality of medical records, provider protections, quality measurement, utilization review, health quality boards, and ERISA. I have a side-by-side comparison on this. It is an interesting thing when we talk about the liability issue. A Medicare person who chooses a Medicare Plus Choice plan has the ability to legally redress malpractice, but somebody who is not a Medicare patient cannot under ERISA. This is a side-by-side comparison. Mr. Speaker, I include this comparison for the CONGRESSIONAL RECORD, as follows:

COMPARISON OF PROTECTIONS IN MEDICARE+CHOICE V. PATIENTS' BILL OF RIGHTS

Issue	Medicare+Choice	Patients' Bill of Rights
Internal Appeals	Requires plans to have procedures for reconsideration of adverse decisions	Plans must establish procedures to allow ''appealable decisions'' to be appealed.
Time for Review	Appeal must be decided within 60 days of receipt	Normal appeals must be completed within 15 days (with extension for up to an additional 10 days).
Expedited Appeals	Generally must be decided within 72 hours	Same.
Qualifications of reviewer	Must be a physician or appropriate specialty not involved in original decision	Review by a ''clinical peer,'' who can be selected by the plan but who must not have participated in the original decision.
Notice of Decision	Patients must be sent a notice of decision and reasons for it. Also must be told of rights to a hearing if amount in controversy is greater than $100.	Patients and provider must be notified of decision and reasons for it and told of any further appeal rights.
External Appeals	External Appeals process must be available after all internal processes are exhausted	Plans must have a process for external appeals if decisions jeopardize a patient's health or exceed a ''significant threshold.''
Who conducts	The Secretary must contract with outside groups to handle these appeals	Plans must be done by independent and qualified third parties. There can be no financial incentives for these groups to affirm the plan's original denial.
Procedure and timeframe	Appeals are first sent to HCFA, which hears the appeal. If the appeal is again denied, the patient may have rights to a further hearing before an administrative law judge or a U.S. district court.	The external appeal must hear the issue de novo. Decisions must be made in 60 days, except exigent appeals (72 hours). Patients may have rights to further appeals in state court if the plan prevails on appeal.
Review body qualifications	No provision	Standards for external reviewers include: no conflict of interest, review by clinical peers, entity must have legal and medical expertise. Entity must be certified by the State or by HHS.
Costs	No provision	Plan must bear the costs of the appeal.
	ACCESS TO CARE	
General provisions	Requires plans to ensure benefits are accessible with reasonable promptness	Plan must have sufficient mix and distribution to deliver all benefits.
Point of service	Plans may offer enrollees a point of service option	Enrollees must have the option to purchase a point of service plan unless the insurance is provided through more than one issuer or two or more coverage options are offered.
Choice of specialist	Plans must have appropriate access to specialty care	Plans must allow enrollees to select the specialist of their choosing from the list of participating doctors, unless the plan clearly notifies enrollee of limitations on choice.
Ob-gyn care	No provision	Enrollee may designate ob-gyn as primary care provider. Plans may not require pre-authorization for routine ob-gyn care.
Standing referrals	No provision, but plans must make all care available with reasonable promptness	Enrolless with conditions that require on-going specialty care may get standing referrals.
Clinical trials	No provision	Plans may not discriminate against patients in approved clinical trials and must cover their routine costs.

COMPARISON OF PROTECTIONS IN MEDICARE+CHOICE V. PATIENTS' BILL OF RIGHTS—Continued

Issue	Medicare+Choice	Patients' Bill of Rights
Prescription drugs	No provision	Plans that use formularies must involve M.D.s and pharmacists in its selection; must disclose formulary to patients; and have a process for patients to get non-formulary drugs when medically necessary.
Emergency care	Prudent lay-person standard, etc	Similar provision.
	INFORMATION DISCLOSURE	
General	Secretary must mail to beneficiaries information helpful in selecting plans	Plans must provide information in a timely manner to enrollees. Should be done in a uniform way to allow people to compare different plans.
Specific information that must be disclosed.	Covered benefits, liability for non-covered services, and coverage of emergency services	Same.
Other disclosures	Beneficiary cost-sharing, caps on out of pocket spending, balance billing protections, description of appeal and grievance rights.	Same, plus availability of ombudsman assistance.
Information available upon request	Number of grievances and their aggregate disposition	Same, plus drug formulary information.
Comparative information	Plans must—to the extent possible—give enrollees comparative data on patient satisfaction and outcomes. Also give disenrollment rates.	Summary quality data on patient satisfaction, disenrollment, and the plan's loss ratio. On request, plans must provide information on how they keep information confidential.
Network characteristics	Plans must give enrollees; the number and mix of providers, out of network coverage, any point of service option, any other availability of care through out-of-network providers. Plans must also give HHS enough data to ensure they are in compliance with physician incentive (capitation) rules.	Plans must provide information on: the service area of the plan, out of area coverage, the extent to which benefits from out-of-network providers is available, how enrollees select providers, any point of service option, and the types of financial payments made to providers.
	On request, the plan also must provide a general description of physician payment arrangements.	Same.
Utilization review	Plans must inform enrollees about how utilization review procedures work Upon request, the plan must notify enrollees of their procedures to control utilization of services and expenditures.	Plans must provide information on any prior authorization or review requirements that could result in non-coverage or non-payment.
Provider credentials	No provision (focus is on plans, not providers)	Upon request, plans must make available information on provider credentials and a list of participating providers.
Gag Rules	Bans them, subject to conscience clause	Goes further, as it contains a broader definition of medical communication and protects speech to others within the plan (and also to the public in the whistleblower provision).
Advance Directives	Plans must have policies on advance directives, such as living wills and durable powers of attorney.	No provision.
Provider Incentives	Plans must follow federal law requirements on physician incentive plans and must provide HHS with data to ensure they are in compliance.	Similar provisions.
Non-Discrimination	Plans may not discriminate against individuals based on age, sex, health status (except ESRD status), genetic information, etc.	Similar provision.
Confidentiality of medical records	Plans must establish procedures to protect the privacy of individually identifiable enrollee information. Also requires them to have procedures to ensure accuracy of the records.	Similar provisions.
Ombudsman	No specific provision, but other provisions of law authorize states to establish programs to provide counseling and assistance to Medicare beneficiaries with their health insurance coverage. Funded through a user fee on Medicare+Choice plans.	Federal grant program for the creation and operation of state Ombudsman programs to help consumers choose their plans and to deal the grievances and appeals.
	PROVIDER PROTECTIONS	
Contracting procedures	Plans must have reasonable procedures for physician participation including notice of participation rules, written notice of adverse participation decisions, and a process for appealing those decisions.	Similar provisions. Also requires plans to consult with physicians regarding the plan's medical policies and procedures.
Non-discrimination in selection of providers.	Prevents discrimination based on class of licensure	Similar provision, plus a general prohibition on discriminating in selection based on race, color, sex, sexual orientation, age, etc.
Whistle blower	No provision	Prohibits retaliation against providers who disclose information to appropriate authorities after exhausting internal procedures.
	QUALITY MEASUREMENT	
General provisions	HHS must disseminate information on plan quality, including performance data, disenrollment rates, and enrollee satisfaction.	Plans must collect and share information in uniform manner, including: aggregate utilization, demographics of participants, mortality and morbity rates, enrollee satisfaction, grievance and appeals data, etc. Allows HHS to waive these requirements based on variations in the types of delivery systems.
Internal quality improvement	Medicare+Choice plans must have a quality assurance program that stresses health outcomes and provides for ongoing measurement of the quality of high volume and high risk services and the care of acute and chronic illnesses.	Plans must have ongoing quality assurance programs, with written procedures for systemic review of the quality of health care provided and its consistency with good medical practice. Must have a process for providers and patients to report possible quality concerns. The program must review the plan's drug utilization program. Further provides that these requirements can be met through accreditation by a national accrediting group that the Secretary of HHS says has standards as stringents as those in the bill. The Secretary may provide for variations as needed to reflect differences in plan design.
External quality improvement program	Medicare+Choice plans must have external review of the quality of inpatient and outpatient care and of their response to consumer complaints of poor quality care.	No provision.
	UTILIZATION REVIEW	
General provisions	No provision, but plans must meet rules for initial determination of care	Plans must do utilization review in accordance to written procedures developed with the input of appropriate physicians. Retrospective UR may not revise or modify pre-authorized determinations. Qualified health professionals must oversee review decisions and review a sample of adverse clinical decisions. Prohibits financial incentives to UR agents that result in inappropriate denials. Requires toll-free access of peer review personnel during business hours. Providers and patients dissatisfied with a UR decision must have an opportunity to discuss the decision with the plan's medical director (who has the authority to reverse the decision). Prior authorization decisions must be made within three days of receipt. UR of continued and extended care must be made within one business day. Retrospective review of services must be completed within 30 days. Notice of an adverse action must be writted and included the reasons for the denial and the process for appealing that decision.
Health Care Quality Board	No provision	Directs the President to establish an advisory board to provide information on issues relating to quality monitoring and improvement. The board shall identify, update, and share measures of group health plan quality, advise on the proper minimum data set and standardized formats for information on group health plans.
Mastectomy Stay	No provision	Plans may not limit in-patient stay to less than 48 hours for mastectomy and less than 24 hours for lymph node dissection. The patient is free to leave sooner if she decides to, but the plan may not provide any incentives to patient and provider to avoid these protections.
Breast Reconstruction	No provision	Plans that provide breast surgery as a covered benefit must provide coverage for reconstruction resulting from a mastectomy.
Adequate Reserves	Plans must be licensed under state law and meet state solvency requirements. Establishes a temporary waiver process for PSOs under certain circumstances.	No provision.
ERISA	No provision (though ERISA does not pre-empt a Medicare beneficiary from suing a Medicare+Choice plan for acts of negligence.	Amends ERISA to allow state causes of action to recover damages resulting in personal injury or death. The employer cannot be sued unless they exercise discretionary authority to make medical decisions.

Mr. Speaker, to continue, I will not go through every single item on here, except to point out that, time for review, Medicare Plus Choice, 60 plus days, except that today the President shortened that period. Patients' Bill of Rights, 15 days for a normal appeal, with an extension up to 10 days. Notice of decision. Who conducts the external appeals. Review of qualifications. These are all things that are in Medicare Plus Choice that we hear some of our colleagues oppose. I cannot understand how they could have voted for all of these provisions for Medicare Plus Choice and yet they oppose these items in a Patients' Bill of Rights as being, quote, too bureaucratic. I think that

we need patient protections, the Patients' Bill of Rights for all citizens, not just for the ones that we have already voted on for Medicare or for Medicaid.

Mr. PALLONE. Again, I may be being cynical, but I think the reality is that when we put most of those patient protections in the Medicare legislation, in our own Committee on Commerce which both the gentleman and I are a Member of, the bottom line is that when those came to the floor, because of the widespread clamor, if you will, by senior citizen organizations and groups that these protections should be part of the Medicare program, and rightly so, I think the leadership, the House Republican leadership and most of the Members were unwilling to not support that because they were concerned about the power, if you will, and the clout of the senior vote, that they did not want to be denying senior citizens, who vote often and regularly, those kinds of patient protections. A thank-you is due to the seniors and the power of the senior vote and the senior organizations to make sure that that happened, but at the same time it is not fair to deny those protections to everyone else who is under 65 or who happens to not have the benefit of a Medicare program. That is really what we are about here. We are saying that those kinds of patient protections should be available to anyone who has health insurance, who is in a managed care organization or an HMO.

I am glad that you brought this out. It again points out that these are not really anything radical, these are not anything unusual, we have already adopted them for the largest Federal health insurance program, Medicare.

I just wanted to go back, if I can, because I know that the gentleman from Iowa has put a lot of emphasis on the ability to sue and recover costs that is denied now under ERISA, and I talked a little bit about the patient protection with regard to specialty care. I know that, at least from the reports that I have been reading in the various publications that we get on Capitol Hill that those are two areas that the House leadership seems to be reluctant to deal with. It may not actually be part of anything that the Republican leadership ultimately puts together.

Mr. GANSKE. If the gentleman will yield, as a Republican, I have been in favor of legal reform. I have voted for securities litigation reform, I voted for medical malpractice reform. I have voted for product liability reform. But I think we have a problem with ERISA, because we have given basically total legal immunity to health plans. We have not given that legal immunity to any other industry in the country.

When I as a physician am treating a patient, I would never argue that I should have immunity from malpractice. I might argue for some reasonable changes, but I would never argue that I should not have any legal responsibility for malpractice. That is why physicians, nurses, other practitioners carry medical malpractice insurance. And so I think that it is a basic principle of American law that responsibility for decisions should lie where the decision is made. If an HMO is making medical decisions and that results in malpractice, then they ought to be legally liable for that.

In fact, on the front page of last Friday's USA Today, the very front page center story was exactly on this issue. What most American citizens do not realize is that quite frankly when their HMOs if they are through their employer are making decisions, their HMOs do not have any legal responsibility. In my opinion that is wrong, and, quite frankly, I think the vast majority of the House if they would vote on this issue would feel the same way. Would you want to be on the record as voting for legal immunity for an HMO when the HMO has made a malpractice decision?

Mr. PALLONE. Absolutely not.

Mr. GANSKE. I do not think I would want to be and I do not know too many of my Republican colleagues who would want to be on the record for giving an HMO legal immunity for causing somebody's death or disfigurement.

Mr. PALLONE. If I could recapture my time, this was done, as the gentleman pointed out, years ago when HMOs and managed care organizations were not the vehicle for most Americans to get their health insurance. Now this loophole which was there has grown into a tremendous loophole that exists actually for most Americans. I do not know what was being thought of at the time when this was voted on, but the bottom line is the circumstances have changed now, because so many more Americans are impacted by this loophole.

I just wanted to say briefly, if I could, I am not sure that everyone understands when we talk about this inability to sue or this exemption, if you will, from liability, exactly what we mean. The problem is that you can only sue to recover the costs of whatever procedure was needed but denied. You cannot sue for damages. In other words, I will use an example. If you lose, say, an arm or a leg or an eye and you end up victimized for the rest of your life because your HMO denied you the care that could have saved the limb or the eye, you cannot sue for anything other than the cost of what the medical procedure to save the limb or the eye would have been. You cannot sue for losing the body part or for the deterioration of your health condition. So basically you are able to recover a very, very limited amount that does not help you to deal with the problem and the damages that you have suffered. That is really what we are talking about.

Mr. GANSKE. If the gentleman would yield, the opponents to this legislation would say, well, if you pass legislation on this, it would increase the cost of premiums, and, therefore, some employers would choose not to insure their employees.

A recent survey by Kaiser Family and Harvard interviewed 800 small business executives exactly on this issue. They found that even if there were a mild increase in the cost of a premium related to this, that only 1 to 3 percent of those employers would change their coverage. But the interesting thing was that something like two-thirds of those small business owners and executives agreed with the need for legislation to close that loophole. You might ask, why is that? It is because they are also covered by HMOs. More than 50 percent of them have said, we have seen abuses by HMOs either in our employees or in our own families, and we think there should be a remedy for that.

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But I would just like to continue on something else that we are likely to hear about tomorrow, and that is that hopefully the Republican Health Task Force will at least enunciate some principles to legislation, even if we will not see any specifics written in the form of a bill. And one of those things that the GOP task force is looking at is the idea of health marts, and this is basically where you gather, you would extend ERISA to multiple employer working associations, otherwise known as MEWAs, or other groups, so it is an extension of the ERISA exemption.

And I have here a letter from Therese M. Vaughan, the commissioner, the State Insurance Commissioner from the State of Iowa, and she says:

> Dear Representative Ganske: We want to alert you to proposed legislation currently being discussed called HealthMarts. HealthMarts pose a serious concern on several levels . . . A few of our concerns are listed below for your review: The impact of State insurance markets.

She goes on in some detail. Several provisions would allow a health mart to cherry pick to ruin the risk pools. There are problems with Federal enforcement of State law. There are conflicts of interest.

I have a similar letter from Consumers Union on the problems related to health marts. Health marts, if you will remember, are very close to what the Clintons proposed in 1993 with regional groups. So when opponents to our Patient Bill of Rights have accused us of being ''Clinton Care'', I would sincerely hope that Republicans would not come up with a proposal that is much, much closer to the Clinton plan.

And finally let me say I have a letter here from Blue Cross/Blue Shield and the Health Insurance Association of America that says:

> Dear Representative Ganske: We are writing to express our opposition to proposals that would exempt certain health insurance arrangements, such as association health plans and multiple employer welfare arrangements, from State insurance law and regulatory authority.

Mr. Speaker, insert these 3 letters into the CONGRESSIONAL RECORD.

The letters referred to are as follows:

IOWA DEPARTMENT OF COMMERCE,
Des Mones, IA, June 18, 1998.

Re HealthMarts.

Hon. GREG GANSKE,
United States Representative, Washington, DC.

DEAR REPRESENTATIVE GANSKI: We want to alert you to proposed legislation currently being discussed called ''HealthMarts.'' HealthMarts pose a serious concern on several levels. These concerns are similar to those we have expressed in the past regarding other proposals that would exempt certain health insurance arrangements (such as association health plans (AHPs) and multiple employer welfare arrangements (MEWAs)), from state law and regulatory authority.

A few of our concerns are listed below for your review.

1. The impact of state insurance markets. HealthMarts would undermine state health reforms by fragmenting the health insurance marketplace. Recent reforms guarantee small employers access to health insurance markets. While insurers selling through HealthMarts would still have to pay premium taxes, other state pooling laws and requirements would be preempted. States require many different types of pooling arrangements. These arrangements are primarily designed to help spread risks through such mechanisms as reinsurance pools, medically indigent pools, and high risk pools. Since HealthMarts only have to meet the rating requirements of the state in which the HealthMart is organized, a HealthMart could organize itself in the state with the least restrictive requirements in order to sell a particular benefit package at a lower rate in a state with more restrictive requirements.

2. Cherry picking. Several provisions would allow a HealthMart to choose which risks it wanted to accept.

A HealthMart is allowed to determine what geographic area it will serve. This will allow a HealthMart to operate in areas that contain healthier populations.

A HealthMart may market selectively within its geographic limits, thus exacerbating the conditions established by allowing the HealthMart to choose its own geographic location.

With state mandated benefit requirements preempted, a HealthMart would be allowed to design its own benefit package. Benefit package design determines who will be interested in purchasing a particular product.

3. Federal enforcement of state law. HealthMarts continue to allow state officials to approve product offerings of licensed insurance entities. If an insurance commissioner denies the sale of a product offerings and the insurer, selling through a HealthMart, disagrees with the decision of the commissioner, the insurer could appeal to a federal regulatory authority. The federal agency would then review state law and determine if the insurance commissioner properly interpreted her own state law. If, in the view of the federal agency, the insurance commissioner did not make the correct decision, the federal agency would allow the sale of that product and enforce state law regarding that product. This creates the unique situation where the federal government enforces state law.

4. Conflict of Interest. Allowing sellers on the board of an entity intended to act as broker between seller and buyer creates a conflict of interest. HealthMarts will be accepting bids from all insurers within a certain geographic location. The insurers on the board will have access to those bids and may also have access to proprietary information on how the bids were put together. Board insurers would be able to underbid those insurers who do not serve on the board.

HealthMarts undermine the recent efforts undertaken by states to ensure their small business communities have access to affordable health insurance. Iowa's success over the past 7 years in the area of health care reform will be greatly diminished if this legislation is enacted.

We have supported purchasing pools through state legislation that protects the consumer by providing coverage within rate restrictions. We would be happy to work with you on the development of legislation to continue to enhance the ability of individuals and small groups to obtain adequate and meaningful health care coverage.

If you have any questions, please do not hesitate to contact me or my staff. We look forward to working with you on any issues you may have concerning health insurance coverage.

Sincerely.

THERESE M. VAUGHAN,
Commissioner.

BLUE CROSS AND BLUE SHIELD ASSOCIATION, HEALTH INSURANCE ASSOCIATION OF AMERICA.

June 4, 1997.

Hon. GREG GANSKE,
United States House of Representatives, Washington, DC.

DEAR REPRESENTATIVE GANSKE: We are writing to express our opposition to proposals that would exempt certain health insurance arrangements, such as association health plans (AHPs) and multiple employer welfare arrangements (MEWAs), from state insurance law and regulatory authority.

We remain very concerned about proposals to preempt state regulation of federally certified association health plans, including many MEWAs (e.g. H.R. 1515/S. 729). These proposals would undermine the most volatile segments of the insurance market—the individual and small group markets. AHPs could siphon off the healthy (e.g., through selective marketing or by eliminating coverage of certain benefits required by individuals with expensive illnesses), thus leading to significant premium increases for those who remain in the state-regulated pool. The ultimate result: an increase in the uninsured and only the sickest and highest risk individuals remaining in the states' insured market.

We have similar concerns regarding a proposal to create a new type of purchasing entity, called HealthMarts, which has not been reviewed via the committee hearing process. This proposal would exempt health plans offered through a HealthMart from state benefit standards and requirements to pool all small groups for rating purposes. As with AHPs, this proposal raises serious concerns regarding market segmentation and the ability of states to protect their residents. The combination of these two proposals could lead to massive market segmentation and regulatory confusion.

Moreover, these proposals, over time, would lead our nation toward increased federalization of health insurance regulation. Preemption of state regulatory authority would create a regulatory vacuum that would necessitate an exponential increase in federal bureaucracy and federal regulatory authority.

As representatives of the health insurance and health plan community, we are concerned about the issue of access to health coverage for small firms. However, we urge legislators to avoid legislation that unravels the market by helping a limited group of small employers at the expense of other individuals and small groups.

We look forward to an opportunity to work with you regarding proposals that expand coverage without damaging the small group and individual markets.

Sincerely,

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, June 4, 1998.

BLUE CROSS/BLUE SHIELD AND HIAA OPPOSE REPUBLICAN ''HEALTHMART'' PROPOSAL

DEAR COLLEAGUE: It's not often that I think the advice from HIAA and Blue Cross/Blue Shield bears repeating, but this time they got it right.

In a letter to Chairman Bliley of the Commerce Committee, the Blue Cross/Blue Shield Association and the Health Insurance Association of America have made clear their opposition to the ''HealthMart'' proposal being circulated by Rep. Bliley as a potential component of the upcoming Republican health reform proposal.

Their letter states that the HealthMart proposal ''would exempt health plans offered through a HealthMart from state benefit standards and requirements to pool all small groups for rating purposes.'' For those reasons, HealthMarts raise ''serious concerns regarding market segmentation and the ability of states to protect their residents.''

They conclude their letter by urging ''legislators to avoid legislation that unravels the market by helping a limited group of small employers at the expense of other individuals and small groups.''

I urge my colleagues to heed their advice.

Sincerely,

PETE STARK.

There are a number of proposals that I am concerned will be in the GOP Health Task Force plan that are not well-thought-out, that are even opposed by the industry, at least as much as some of the patient protection legislation. I am afraid that if you add a number of these additional controversial items to a patient bill of rights type protection, that they will in effect act as poison pills and ensure the defeat of this legislation.

And I would not gainsay anyone's motives on this, but I would simply ask my Republican colleagues to be aware of this potential problem when they put forth their GOP task force.

Mr. PALLONE. Again, if I could ask you to elaborate a little more on this, one of the concerns that I expressed earlier this evening is that the Republican Task Force would come out with patient protections that are less than what is in the Patient Bill of Rights or the PARCA bill, and that is still a concern. But I think what you are voicing now is an additional problem which is not only the possibility of not including some of these patient protections that we would like to see, but also the possibility of adding other things unrelated to patient protections that would sort of muddy the water, if you will, and maybe confuse what goes on here and take away from this issue of patient protection which we are trying to bring forward.

And I know that one of the things I believe you mentioned was the medical malpractice cap, I guess, that we have

discussed in the past, and that is something that would.

Mr. GANSKE. If the gentleman would yield, I have argued on the floor, I have encouraged my colleagues, Republican and Democrat, to vote for medical malpractice reform. In fact, the House of Representatives passed that legislation in the last Congress, but we found out that we could not get that through the Senate, and the administration is opposed to it. To put that into a Patient Bill of Rights, a consumer protection bill, would be to realize fully that that bill could not pass, it could not become law.

I continue to be in favor of that legislation, but what I want to see is, I want to see a Patient Bill of Rights passed and become law this year. I think most of the major medical organizations, including the American Medical Association, recognize by loading up other issues into a Patient Bill of Rights you are working to defeat a Patient Bill of Rights, not to advance it.

Mr. PALLONE. Did not the AMA, which has been the biggest supporter of this medical malpractice reform, even say at one point that they did not want to deal with it this year in the context of the patient protections for the exact reason that you just cited, which is very amazing to me because this was always their biggest, one of their biggest, concerns.

Mr. GANSKE. I cannot speak. I am not a representative for that organization. All I can say is I am sure that that organization would like to see those provisions become law at some point in time, but the recognition is there that on this piece of legislation that will be considered a poison pill. We have broad bipartisan consensus and support for a limited Patient Bill of Rights like is in the Patient Bill of Rights bill, 3605, or Patient Access to Responsible Care Act.

It is not like you have to reinvent the wheel. These bills have been out there for some time. They already have broad bipartisan support. It is simply a matter of bringing them to the floor for a debate under a fair rule in a timely fashion before this session runs out.

Mr. PALLONE. Can I just ask you one more thing about the health marts, because I was not sure I understood.

You said that your concern is that ERISA exemptions would be expanded beyond what they already are now to cover health marts? In other words, we would actually have to deal with this exemption from liability in an even broader fashion?

Mr. GANSKE. That would be my understanding, and let me just read from this letter from Blue Cross/Blue Shield Association and the Health Insurance Association of America.

''As representatives of the health insurance and health plan community, we are concerned about the issue of access to health coverage for small firms. However, we urge legislators to avoid legislation that unravels the market by helping a limited group of small employers at the expense of other individuals and small groups.''

And I can assure you, as somebody that speaks to a number of insurance companies located in my own district that still provide insurance to individuals outside of the employer market, that if you created this health mart idea, what you would be doing is you would be taking the healthy individuals out of that individual market, thereby making the individual market more sick. That would, therefore, have the effect of raising the premiums significantly for those who still purchase their own health insurance.

And there are a lot of people like that; farmers, for example. I represent a lot of farmers.

So I would certainly advise the GOP Task Force not to include this type of proposal in their health care legislation, but simply to stick with the gentleman from Georgia (Mr. Norwood) who has worked on that task force so strongly in terms of a Patient Bill of Rights.

And you need to remember also that there are a number of HMOs that are trying to do an ethical, good job on providing care for their constituents, and many of them have already called upon Congress to pass Federal legislation for a Patient Bill of Rights. We have Kaiser, for instance, or the Health Insurance Plan, HIP, and others. They see a benefit in having some federally-enforceable minimum standards.

It is very similar to what we see if you were buying an automobile. Gee, I mean when you buy an automobile, you know that you are getting headlights that work, brakes that work, turn signals, a seat belt. Those are all a product of Federal and State law for minimum safety standards, and yet there continues to be a great deal of competition in the auto industry. By having some uniform rules on that, we certainly have not moved to a nationalized auto industry any more than by passing a Patient Bill of Rights and having some uniform safety standards would we ever be moving towards a nationalized health insurance system. It is just a matter of common sense.

Mr. PALLONE. I think there is no question that, you know, what we are really talking about here are just basic protections, common sense protections, and as the gentleman has pointed out, the not-for-profit HMOs actually from the very beginning of this year when the President first came out with his patient bill of rights in, I guess it was in his State of the Union address, and there were I think 18 points at that stage or 18 types of protections that were being discussed by the White House, and actually we had many of the not-for-profit HMOs supporting those principles because they are really a floor. They are just a floor of basic protections.

And what happens is, and again I think you mentioned this at some point in the past, is that if the not-for-profit or the good HMOs, whatever their characterizations would be, adhere to these patient protections and then the other ones that are for-profit or for whatever reason do not, it basically creates a noncompetitive situation, becomes cheaper, if you will, for the ones that are not providing the protections to operate.

Mr. GANSKE. And if the gentleman would yield, we have our July 4th recess coming up soon. I would hope that organizations like some of the ones that I have read tonight, all the other organizations that are signed on to passing this type of legislation this year would contact their Congressman and Congresswoman back in their districts and express to them the importance and how this affects real people a lot of the time and how Congress should do something about this this session and not allow this legislation to be bottled up.

Mr. PALLONE. And following up on your comments, and I guess I will close with this:

We know that during this 2-week recess that many Members, including myself, will be having town meetings and forums at which time there will be opportunities for groups or individuals to go to those town meetings and express to their Member of Congress their support and ask them to support the Patient Bill of Rights, or actually ask them to support the discharge petition that you and the gentleman from Michigan (Mr. DINGELL) have now introduced. We need to get as many Members as possible on this discharge petition because, if we can get a majority on the discharge petition by the time we come back or soon after that in the weeks that follow, we can finally bring the Patient Bill of Rights or the PARCA bill, these types of managed care reforms, to the floor.

And again I just want to commend you for your effort in moving in that direction because this is the time. If we are not going to pass this now when there is so much support for it, we are never going to pass it, and we have got to try and get more and more of our colleagues on board.

Mr. GANSKE. If the gentleman would yield, I appreciate the courtesy of being able to do these special orders with you. As I said before earlier in this special order, I would sincerely hope that a discharge petition is not necessary, that the Republican leadership in the House would set a date certain for bringing this legislation to the floor and make sure that it is with a rule that is fair and not a rule similar to the one that we have seen on campaign finance reform.

Mr. PALLONE. Mr. Speaker, I agree with the gentleman and thank him again.

ENDING DISCRIMINATION IN AMERICA

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, since the House adjourned early today, I thought I would take the opportunity to come to the floor to speak, as others have done in other forums this week, about a most unfortunate episode that happened earlier this week.

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In an interview on television, Senate Majority Leader TRENT LOTT spoke out about homosexuality in a way that I think maybe was unintentional by him, but, nonetheless, was very hurtful and harmful to people in the gay and lesbian community.

I know that we are not supposed to be urging the Senate to take action on issues, but, without violating that rules of the House, I just want to put in context my own remarks, and that is that there is a confirmation of a nomination of an ambassador, James Hormel, which is hopefully going to come up before the Senate soon.

This nomination was sent from the Senate Foreign Relations Committee to the full Senate, but Senator LOTT has not taken up the issue. It was in the context of an interview about that, I believe, that Senator LOTT made his unfortunate remarks about homosexuality, saying, ''It is a sin; it is just like alcohol or sex addiction or kleptomaniacs.'' Then our own Majority Leader, Mr. ARMEY, said that homosexuality ''. . . is a sin. I know it is. It is in the Bible,'' or words to that effect.

One of the issues that is being raised about Jim Hormel's nomination is that he was seen laughing at a parade where there were people dressed as nuns. Without going into that, I just want to say that between my husband and me and our five children, we have over 100 years, 100 years, of Catholic school education. This is a source of great pride to us and great strength to us. So we certainly have a great deal of respect for the clergy and the nuns who taught us and our children and would not want in any way for them to be demeaned, and I do not think that Jim Hormel has a demeaning bone in his body.

Jim Hormel is a very distinguished leader in our community in the San Francisco Bay area. He is a philanthropist. He has been the Dean of the Law School at the University of Chicago before he came to San Francisco. As I said, he is a great philanthropist, a supporter of the arts and education, is very respected in the business community, is an astute businessman and is a very effective leader. He would make a great ambassador, and his nomination, I think, is a tribute to President Clinton, that he had the courage to name Jim Hormel as ambassador to Luxemburg.

Jim Hormel, because he is gay, his nomination is being held up, and, as I say, unfortunately, the Leaders in the Senate and in the House have characterized his sexual orientation in a way that I think, as I say, is hopefully unintentionally, is most harmful to people in that community.

When we were little people we used to say ''sticks and stones will break my bones, but names will never hurt me.'' But that really was not true then, and it is not true now. We have to be very careful about the power of words and the resonance that those words have as people repeat them and hear them.

It is ironic that this all should happen at a time which is Gay Pride Week throughout the country. Speaking for my own area that I have the privilege of representing, we are blessed in our community with a large gay and lesbian population, and we will have a large parade on Sunday where people who take pride in their own situation as well as their friends will take pride with them, and I will be very honored to join that parade.

I have never felt any bias from our own Majority Leader here, Mr. ARMEY, or Mr. LOTT, our former colleague in the House and now the distinguished Majority Leader in the Senate, because of my support for gay and lesbian rights. I have never thought that Mr. Hormel had ever demeaned my religion or said something or did something objectionable to my religion, Catholicism, because he may have been amused, if that is even so, by people dressed as nuns. Nuns do not even dress as nuns. It is not the same as it used to be.

But I think that it is time for us to have some reconciliation on this. We have to, and this will sound very San Francisco, I know, heighten the sensitivity of our colleagues to the hurt that it does to so many people in our country when they are demeaned by leaders of our country.

Mr. Speaker, I do think this maybe will provide us with an opportunity to say, you know, let us turn down the flame on this issue. The Bible, if we are quoting the Bible, has told my children, my husband and me for our lifetimes, as did our parents, that we are all God's children. They did not say you are all God's children, depending on your sexual orientation. They said we are all God's children, and, as such, worthy of respect, and in every person there is a spark of divinity that is to be respected.

It is that attitude toward people that I think drives many of us into the political arena to do God's work. I do not like to bring politics and religion together, but it is to respect what our religion teaches us for people, that we want everyone to have the same opportunities, whatever their color, their creed or their sexual orientation. Discrimination has no place in our country. Neither does characterization of people because they might be different from us have a place.

So I come to the floor tonight not to criticize, but to reach out to the two majority leaders, in the hope that we can put a stop to these characterizations which, as I say again, and I will say for a third time, may be unintentional, but are, nonetheless, very painful to the people that are described by them.

Jim Hormel is a great American. He is a patriotic American. He is somebody who would bring great honor to our country to represent us abroad. He has already accomplished a great deal just by his courage and by allowing his name to be put forth, and hopefully his nomination will culminate in his being the ambassador to Luxemburg. In any event, it will hopefully also achieve a reconciliation in our country about how we treat people, all people, all God's children. That is what the Bible told us.

As a Catholic, again, I particularly take issue with the fact that some have said that Jim Hormel's nomination is offensive to Catholics by saying, as Jim Hormel's friend, one of the great joys of my life is to be his friend. I would only hope that his nomination accomplishes the ending of discrimination in our country against people, regardless of their sexual orientation.

So in this Gay Pride Week, let us all take pride in each and every one of us, and particularly not make judgments about people for how they are not like us, but to respect them for what they are.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. THOMPSON (at the request of Mr. GEPHARDT) for 10:30 a.m. until 5:00 p.m. today account of official business.

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 Mrs. MALONEY of New York) to revise and extend their remarks and include extraneous material:)

Mr. CONYERS, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mr. FILNER, for 5 minutes, today.

Ms. WATERS, for 5 minutes, today.

Ms. SANCHEZ, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mrs. MALONEY of New York, for 5 minutes, today.

(The following Members (at the request of Mr. MILLER of Florida) to revise and extend their remarks and include extraneous material:)

Mr. SCARBOROUGH, for 5 minutes, on June 24.

Mr. MORAN of Kansas, for 5 minutes, today and on June 24.

Mrs. CHENOWETH, for 5 minutes, on June 24.

Mr. BILIRAKIS, for 5 minutes, today.

Mr. PAUL, for 5 minutes, today.

Mr. BARTLETT of Maryland, for 5 minutes, today.

Mr. CRAPO, for 5 minutes, today.

Mr. MICA, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. FOX of Pennsylvania, for 5 minutes, today.

(The following Member (at the request of Ms. NORTON) to revise and extend her remarks and include extraneous material:)

Ms. DELAURO, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. MCINNIS, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. INGLIS of South Carolina, 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 Mrs. MALONEY of New York) and to include extraneous material:)

Mr. VISCLOSKY.
Mr. KIND.
Mr. OWENS.
Mr. KENNEDY of Massachusetts.
Mr. MILLER of California.
Mr. BARCIA.
Mr. LIPINSKI.
Mr. KUCINICH.
Mr. NADLER.
Ms. LEE.
Mr. CONYERS.
Mr. STUPAK.
Mr. MENENDEZ.

(The following Members (at the request of Mr. MILLER of Florida) and to include extraneous material:)

Mr. LEWIS of California.
Mr. RIGGS.
Mr. COBLE.
Mr. PORTMAN.
Mr. CALVERT.
Mr. RADANOVICH.
Mrs. MORELLA.
Mr. CAMP.
Mr. THOMAS.

(The following Members (at the request of Ms. PELOSI) and to include extraneous material:)

Mr. CAMP.
Mrs. KELLY.
Mr. HOYER.
Mr. ENGEL.
Ms. JACKSON-LEE of Texas.

ENROLLED BILL SIGNED

Mr. THOMAS, from the Committee on House Oversight, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 1316. An act to amend chapter 87 of title 5, United States Code, with respect to the order of precedence to be applied in the payment of life insurance benefits.

ADJOURNMENT

Ms. PELOSI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 38 minutes p.m.), the House adjourned until tomorrow, Wednesday, June 24, 1998, 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:

9795. A letter from the General Counsel, Department of Housing and Urban Development, transmitting the Department's final rule—Community Development Work Study Program; Repayment Requirements [Docket No. FR–4324–F–01] (RIN: 2528–AA08) received June 11, 1998, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

9796. A letter from the Managing Director, Federal Housing Finance Board, transmitting the Board's final rule—Compensation and Conflicts-of-Interest Rules for Federal Home Loan Bank Employees [No. 98–24] (RIN: 3069–AA76) received June 16, 1998, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

9797. A letter from the Director, Regulations Policy and Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Food Labeling; Statement of Identity, Nutrition Labeling and Ingredient Labeling of Dietary Supplements; Compliance Policy Guide, Revocation [Docket Nos. 95N–0245 and 94P–0110] (RIN: 0910–AA59) received June 15, 1998, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

9798. A letter from the Director, Regulations Policy and Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Revocation of Lather Brushes Regulation; Correction [Docket No. 97N–0418] received June 15, 1998, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

9799. A communication from the President of the United States, transmitting a supplemental report, consistent with the War Powers Resolution, on U.S. contributions in support of peacekeeping efforts in the former Yugoslavia; (H. Doc. No. 105–275); to the Committee on International Relations and ordered to be printed.

9800. A letter from the Assistant Secretary for Export Administration, Department of Commerce, transmitting the Department's final rule—Exports of Humanitarian goods and services to Cuba [Docket No. 980520134–8134–01] (RIN: 0694–AB49) received June 15, 1998, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

9801. A communication from the President of the United States, transmitting the report on compliance with the Treaty on Conventional Armed Forces in Europe; to the Committee on International Relations.

9802. A letter from the Commissioner, Immigration and Naturalization Service, transmitting the Service's final rule—Nonimmigrant Classes; NATO–1, NATO–2, NATO–3, NATO–4, NATO–5, NATO–6, NATO–7; Control Of Employment Of Aliens [INS No. 1328–98] (RIN: 1115–AB52) received June 12, 1998, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

9803. A letter from the Commissioner, Immigration and Naturalization Service, transmitting the Service's final rule—Effect of Parole of Cuban and Haitian Nationals on Resettlement Assistance Eligibility [INS No. 1751–96] (RIN: 1115–AE29) received June 12, 1998, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

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. YOUNG of Alaska: Committee on Resources. H.R. 2538. A bill to establish a Presidential commission to determine the validity of certain land claims arising out of the Treaty of Guadalupe-Hidalgo of 1848 involving the descendants of persons who were Mexican citizens at the time of the Treaty; with an amendment (Rept. 105–594). Referred to the Committee of the Whole House on the State of the Union.

Mr. WALSH: Committee on Appropriations. H.R. 4112. A bill making appropriations for the Legislative Branch for the fiscal year ending September 30, 1999, and for other purposes (Rept. 105–595). Referred to the Committee of the Whole House on the State of the Union.

Mr. GOSS: Committee on Rules. House Resolution 484. Resolution providing for consideration of the bill (H.R. 4103) making appropriations for the Department of Defense for the fiscal year ending September 30, 1999, and for other purposes (Rept. 105–596). Referred to the House Calendar.

Mr. MCINNIS: Committee on Rules. House Resolution 485. Resolution providing for the consideration of the bill (H.R. 4104) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1999, and for other purposes (Rept. 105–597). Referred to the House Calendar.

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. FOX of Pennsylvania (for himself and Mr. BORSKI):

H.R. 4109. A bill to authorize the Gateway Visitor Center at Independence National Historical Park, and for other purposes; to the Committee on Resources.

By Mr. STUMP (for himself, Mr. EVANS, Mr. QUINN, and Mr. FILNER):

H.R. 4110. A bill to provide a cost-of-living adjustment in rates of compensation paid to veterans with service-connected disabilities, to make various improvements in education, housing, and cemetery programs of the Department of Veterans Affairs, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. DOOLITTLE (for himself, Mr. POMBO, Mr. HERGER, and Mr. YOUNG of Alaska):

H.R. 4111. A bill to provide for outlet modifications to Folsom Dam, a study for reconstruction of the Northfork American River Cofferdam, and the transfer to the State of California all right, title, and interest in and to the Auburn Dam, and for other purposes; to the Committee on Resources.

By Mr. WALSH:

H.R. 4112. A bill making appropriations for the Legislative Branch for the fiscal year ending September 30, 1999, and for other purposes.

By Mr. BALDACCI:

H.R. 4113. A bill to assist the efforts of farmers and cooperatives seeking to engage in value-added processing of agricultural goods; to the Committee on Agriculture.

By Mr. BLAGOJEVICH (for himself and Mr. KENNEDY of Rhode Island):

H.R. 4114. A bill to prohibit internet and mail-order sales of ammunition without a license to deal in firearms, and require licensed firearms dealers to record all sales of 1,000 rounds of ammunition to a single person; to the Committee on the Judiciary.

By Mr. FILNER:

H.R. 4115. A bill to amend title 38, United States Code, to provide for a special period during which a former member of the armed forces may convert a Servicemembers' Group Life Insurance policy to a Veterans' Group Life Insurance policy, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. KOLBE:

H.R. 4116. A bill to provide for the waiver of fees in the case of certain visas, to modify the schedule for implementation of certain border crossing restrictions, and for other purposes; to the Committee on the Judiciary.

By Mr. MANTON:

H.R. 4117. A bill to require that an environmental impact statement be prepared evaluating the impact of slot exemptions for operation of new air service at LaGuardia Airport; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Resources, 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 Mrs. MORELLA (for herself, Ms. ESHOO, Ms. SLAUGHTER, Mr. HILLIARD, Mr. SERRANO, Mr. KLECZKA, Mr. BALDACCI, Mr. ROMERO-BARCELO, and Mr. NADLER):

H.R. 4118. A bill to amend title XXVII of the Public Health Service Act and part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 to establish standards for the health quality improvement of children in managed care plans and other health plans; to the Committee on Commerce, and in addition to the Committee on Education and the Workforce, 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. PASTOR:

H.R. 4119. A bill to provide for the restoration of certain Federal land of religious and cultural significance to the Tohono O'odham Nation of Arizona, and for other purposes; to the Committee on Resources.

By Mr. SOLOMON:

H.R. 4120. A bill to amend the Securities Exchange Act of 1934 to provide for an annual limit on the amount of certain fees which may be collected by the Securities and Exchange Commission; to the Committee on Commerce.

By Mr. STEARNS (for himself, Mr. GEKAS, Mr. SERRANO, Mr. WAXMAN, Mr. FROST, Mrs. MINK of Hawaii, Mr. FILNER, Mr. HILLIARD, Mr. MCCOLLUM, Mrs. KENNELLY of Connecticut, Mr. CLEMENT, Mr. SHAYS, Mr. FALEOMAVAEGA, Mr. HASTINGS of Florida, Ms. CARSON, Mr. WOLF, Mr. WALSH, Mr. BOEHLERT, Mrs. LINDA SMITH of Washington, Mr. COOK, and Mr. DELAHUNT):

H.R. 4121. A bill to amend the Public Health Service Act to provide for the establishment at the National Heart, Lung, and Blood Institute of a program regarding life-saving interventions for individuals who experience cardiac arrest, and for other purposes; to the Committee on Commerce.

By Mr. VENTO (for himself, Mr. MARKEY, Mr. MILLER of California, Mr. FARR of California, and Ms. DEGETTE):

H.R. 4122. A bill to prohibit the United States government from entering into certain agreements or arrangements related to public lands without the express prior approval of Congress; to the Committee on Resources.

By Mr. NADLER (for himself, Mr. ABERCROMBIE, Mr. BORSKI, Mr. BROWN of California, Mrs. CLAYTON, Mr. CLYBURN, Mr. DAVIS of Illinois, Mr. EVANS, Mr. FILNER, Mr. GREEN, Mr. HALL of Ohio, Mr. HINCHEY, Ms. KAPTUR, Mr. KUCINICH, Mr. LEWIS of Georgia, Ms. MCKINNEY, Mrs. MEEK of Florida, Mr. MILLER of California, Mr. MOAKLEY, Mr. PALLONE, Ms. PELOSI, Mr. RAHALL, Mr. ROMERO-BARCELO, Mr. RUSH, Mr. SCHUMER, Ms. SLAUGHTER, Mr. THOMPSON, Mr. TIERNEY, Ms. WATERS, Mr. YATES, Mr. BERMAN, Mr. BRADY of Pennsylvania, Mr. BROWN of Ohio, Mr. CLEMENT, Mr. CONYERS, Mr. DEFAZIO, Mr. FARR of California, Mr. FRANK of Massachusetts, Mr. GUTIERREZ, Mr. HEFNER, Ms. JACKSON-LEE, Mr. KILDEE, Mr. LAMPSON, Mr. MCDERMOTT, Mrs. MALONEY of New York, Mr. MENENDEZ, Mrs. MINK of Hawaii, Mr. OBERSTAR, Mr. PAYNE, Mr. POMEROY, Mr. RODRIGUEZ, Ms. ROYBAL-ALLARD, Mr. SANDERS, Mr. SERRANO, Mr. STARK, Mrs. THURMAN, Mr. TOWNS, Ms. WOOLSEY, Mr. LAFALCE, and Mr. FALEOMAVAEGA):

H. Res. 483. A resolution expressing the sense of the House of Representatives regarding strengthening the Social Security system to meet the challenges of the next century; to the Committee on Ways and Means.

By Mr. GANSKE (for himself, Mr. DINGELL, Mr. BERRY, and Mr. FORBES):

H. Res. 486. A resolution providing for consideration of the bill (H.R. 3605) to amend the Public Health Service Act, the Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to protect consumers in managed care plans and other health coverage; to the Committee on Rules.

By Ms. CHRISTIAN-GREEN (for herself, Ms. KILPATRICK, Mr. FRANK of Massachusetts, Ms. DELAURO, Mr. FILNER, Mr. SNYDER, Mr. WATTS of Oklahoma, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. LIPINSKI, Mr. FROST, and Mr. DIXON):

H. Res. 487. A resolution relating to the emancipation of African slaves in the Danish West Indies, now the United States Virgin Islands; to the Committee on the Judiciary.

By Mr. TRAFICANT:

H. Res. 488. A resolution amending the Rules of the House of Representatives to require a two-thirds vote on any bill or joint resolution that, pursuant to fast-track procedures, would implement any trade agreement; to the Committee on Rules.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 145: Mr. SHERMAN, Mrs. MYRICK, Mr. VISCLOSKY, and Mr. MEEKS of New York.

H.R. 306: Mr. SKAGGS.

H.R. 371: Mr. OBEY.

H.R. 410: Mr. BUNNING of Kentucky.

H.R. 532: Mr. KLECZKA.

H.R. 611: Mr. BENTSEN and Mr. SHERMAN.

H.R. 633: Mr. DELAHUNT.

H.R. 716: Mr. MCINNIS.

H.R. 746: Mr. KUCINICH.

H.R. 872: Mr. BILIRAKIS and Mr. STRICKLAND.

H.R. 900: Mrs. KELLY.

H.R. 953: Mr. NEAL of Massachusetts.

H.R. 993: Mr. MCINNIS.

H.R. 1126: Ms. KILPATRICK, Mr. MCHALE, and Mr. FAWELL.

H.R. 1375: Mr. TAUZIN.

H.R. 1378: Ms. DUNN of Washington.

H.R. 1382: Ms. VELAZQUEZ, Mr. LIPINSKI, and Mr. BOEHLERT.

H.R. 1531: Mr. GILCHREST and Ms. SANCHEZ.

H.R. 1624: Ms. KILPATRICK.

H.R. 2021: Mr. ROYCE.

H.R. 2094: Ms. NORTON.

H.R. 2568: Mr. DOOLITTLE.

H.R. 2721: Mr. BOEHNER and Mr. RYUN.

H.R. 2800: Mr. LAHOOD.

H.R. 2837: Mr. SOUDER.

H.R. 2869: Mr. KNOLLENBERG.

H.R. 2873: Mr. KNOLLENBERG.

H.R. 2914: Mr. SANDLIN.

H.R. 2987: Mr. SNYDER.

H.R. 2990: Mr. HAYWORTH, Mr. FAZIO of California, Mr. CHAMBLISS, Mr. CONDIT, Mr. SHUSTER, Mr. POSHARD, and Mr. PITTS.

H.R. 3008: Mr. BACHUS.

H.R. 3081: Mr. SHAYS, Mr. BOEHLERT, Mr. ADAM SMITH of Washington, Mr. SCOTT, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. VENTO, and Mr. MARKEY.

H.R. 3127: Mr. CONDIT, Mr. NETHERCUTT, and Mr. MORAN of Virginia.

H.R. 3215: Mr. PICKERING.

H.R. 3248: Mr. ADERHOLT, Mr. FRANKS of New Jersey, Mr. WICKER, and Mr. THUNE.

H.R. 3259: Ms. EDDIE BERNICE JOHNSON of Texas, Mr. LAFALCE, and Mr. SNYDER.

H.R. 3320: Mr. QUINN, Mr. NADLER, Mr. DINGELL, and Mr. PAYNE.

H.R. 3470: Mrs. CAPPS.

H.R. 3506: Mr. SANDLIN, Mr. LAFALCE, Mr. STUPAK, Ms. MILLENDER-MCDONALD, and Mr. KIM.

H.R. 3531: Mr. RAHALL.

H.R. 3553: Mr. DEUTSCH, Mr. MCNULTY, Ms. LEE, and Ms. JACKSON-LEE.

H.R. 3567: Mr. SHUSTER and Mr. POMEROY.

H.R. 3610: Mr. HINCHEY.

H.R. 3629: Mr. ENSIGN, Mr. STEARNS, Mr. GREEN, Mr. CAMP, and Mrs. MYRICK.

H.R. 3636: Mr. KANJORSKI, Ms. HOOLEY of Oregon, and Mrs. MEEK of Florida.

H.R. 3651: Mr. SCHUMER.

H.R. 3659: Mr. RODRIGUEZ, Mr. HILLEARY, Mr. TALENT, Mr. HASTINGS of Washington, Mr. LEWIS of Kentucky, Mr. HASTERT, Mr. CUNNINGHAM, Mrs. MINK of Hawaii, Mr. FILNER, and Mr. CRAMER.

H.R. 3697: Mr. KLECZKA, Mr. HILLIARD, Mr. THOMPSON, Mr. KUCINICH, and Mr. TORRES.

H.R. 3707: Mr. COBURN, Mr. MANZULLO, Mr. PETRI, and Mr. REDMOND.

H.R. 3736: Mr. SPRATT.

H.R. 3815: Mr. ENSIGN, Mr. THOMPSON, Mr. GEKAS, Mr. HOSTETTLER, Mr. FILNER, Mr. PAUL, and Mr. RAMSTAD.

H.R. 3821: Mr. MCKEON, Mr. COMBEST, Mr. FORBES, Mr. PITTS, Mr. QUINN, and Mr. WEXLER.

H.R. 3831: Mr. HILLIARD, Ms. CARSON, Mr. THOMPSON, and Mr. BARRETT of Wisconsin.

H.R. 3833: Mr. FORD, Ms. KILPATRICK, Mrs. MALONEY of New York, Mr. DEFAZIO, Mr. MCHALE, and Mr. MANTON.

H.R. 3835: Mr. FRANK of Massachusetts, Mr. BROWN of Ohio, Mr. OLVER, Mr. LATHAM, Mr. PRICE of North Carolina, Mr. BOYD, Mr. OBERSTAR, Mr. GOODE, Mr. FILNER, Ms. STABENOW, Mr. SNYDER, Mr. LEWIS of Kentucky, Mr. MARTINEZ, Mr. OXLEY, Mr. HINCHEY, Mr. GILLMOR, and Mr. KENNEDY of Rhode Island.

H.R. 3874: Mr. GREENWOOD.

H.R. 3897: Mr. FATTAH.

H.R. 3900: Mr. LUTHER.
H.R. 3932: Mrs. CAPPS.
H.R. 3937: Mr. LIPINSKI and Mr. BARRETT of Wisconsin.
H.R. 3956: Mr. FRANK of Massachusetts and Ms. EDDIE BERNICE JOHNSON of Texas.
H.R. 4007: Mr. ENGLISH of Pennsylvania, Mr. NADLER, Mr. SERRANO, Mrs. LOWEY, Mr. BERMAN, Mr. MCNULTY, Mr. RODRIGUEZ, and Mr. BARRETT of Wisconsin.
H.R. 4019: Mr. COOK and Mr. BERMAN.
H.R. 4031: Mr. CLAY.
H.R. 4032: Mr. JONES and Mr. BALLENGER.
H.R. 4034: Mr. TOWNS, Ms. NORTON, Mr. LATOURETTE, and Mr. ENGLISH of Pennsylvania.
H.R. 4046: Ms. DEGETTE.
H.R. 4049: Mr. CANNON.
H.R. 4071: Mr. TAUZIN, Mr. BONIOR, and Mr. WATTS of Oklahoma.
H.R. 4074: Mr. CALVERT.
H.R. 4077: Mr. YOUNG of Alaska.
H.R. 4096: Mr. ADERHOLT, Mrs. EMERSON, Mr. LATHAM, and Mrs. MYRICK.
H.J. Res. 66: Mr. EDWARDS.
H. Con. Res. 228: Mrs. THURMAN.
H. Con. Res. 229: Mr. BARTLETT of Maryland.
H. Con. Res. 246: Mr. KUCINICH.
H. Res. 26: Mr. TOWNS.
H. Res. 37: Mr. FAWELL.
H. Res. 467: Mr. BALDACCI.

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. 3605: Mr. BRADY of Texas.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4101

OFFERED BY: MR. HALL OF OHIO

AMENDMENT NO. 16: Page 13, line 14, insert ''(reduced by $8,000,000)'' after the dollar figure.

Page 14, line 24, insert ''(reduced by $8,000,000)'' after the dollar figure.

Page 15, line 18, insert ''(reduced by $9,000,000)'' after the dollar figure.

Page 17, line 4, insert ''(reduced by $9,000,000)'' after the dollar figure.

Page 48, line 9, insert ''(increased by $10,000,000)'' after the dollar figure.

H.R. 4101

OFFERED BY: MR. SANDERS

AMENDMENT NO. 17: Insert before the short title the following new section:

SEC. ____. The amounts otherwise provided by this Act are revised by reducing the amount made available for ''FOOD AND DRUG ADMINISTRATION–SALARIES AND EXPENSES'', and increasing the amount made available for ''FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS'', by $10,000,000.

H.R. 4103

OFFERED BY: MR. FRANK OF MASSACHUSETTS

AMENDMENT NO. 3: At the end of the bill (preceding the short title), insert the following:

TITLE X

ADDITIONAL GENERAL PROVISIONS

SEC. 1001. The total amount obligated from new budget authority provided in this Act may not exceed $247,708,522,000.

H.R. 4103

OFFERED BY: MRS. MALONEY OF NEW YORK

AMENDMENT NO. 4: At the end of title VIII (page ____, after line ____), insert the following new section:

SEC. ____. The amount otherwise provided by this Act for the Defense Logistics Agency shall be reduced by $10,000,000 on April 1, 1999, unless, before that date, the Secretary of Defense establishes specific goals for achieving cost savings and other benefits from the implementation and use of best commercial inventory practices, as identified by the Secretary, and submits a report to the congressional defense committees identifying these goals and explaining how and when each goal will be achieved.

H.R. 4103

OFFERED BY: MR. SANDERS

AMENDMENT NO. 5: At the end of title VIII (page ____, after line ____), insert the following new section:

SEC. ____. None of the funds appropriated or otherwise made available by this Act may be used to enter into or renew a contract with any company owned, or partially owned, by the People's Republic of China or the People's Liberation Army of the People's Republic of China.

H.R. 4103

OFFERED BY: MR. SANDERS

AMENDMENT NO. 6: At the end of the bill (preceding the short title), insert the following:

TITLE X

ADDITIONAL GENERAL PROVISIONS

SEC. 1001. None of the funds appropriated or otherwise made available by this Act may be used to enter into or renew a contract with Sunbase Asia, Incorporated, or with Southwest Products Company, Incorporated, a subsidiary of Sunbase Asia, Incorporated.

H.R. 4104

OFFERED BY: MR. BLAGOJEVICH

AMENDMENT NO. 4: Page 11, line 7, insert ''(increased by $2,000,000)'' before ''; of which''.

Page 46, line 23, insert ''(reduced by $2,000,000)'' after ''$1,554,772,000''.

H.R. 4104

OFFERED BY: MRS. MALONEY OF NEW YORK

AMENDMENT NO. 5: Strike section 511 (and redesignate the succeeding sections accordingly).

H.R. 4104

OFFERED BY: MRS. MORELLA

AMENDMENT NO. 6: At the appropriate place in the bill, insert the following:

SEC. ____. (a) An Executive agency which provides or proposes to provide child care services for Federal employees may use appropriated funds (otherwise available to such agency for salaries) to provide child care, in a Federal or leased facility, or through contract, for civilian employees of such agency.

(b) Amounts so provided with respect to any such facility or contractor shall be applied to improve the affordability of child care for lower income Federal employees using or seeking to use the child care services offered by such facility or contractor.

(c) The Office of Personnel Management shall, within 180 days after the date of enactment of this Act, issue regulations necessary to carry out this section.

(d) For purposes of this section, the term ''Executive agency'' has the meaning given such term by section 105 of title 5, United States Code, but does not include the General Accounting Office.

H.R. 4104

OFFERED BY: MR. SANDERS

AMENDMENT NO. 7: Page 58, line 1, after the dollar amount, insert the following: ''(reduced by $6,000,000) (increased by $6,000,000)''.

H.R. 4104

OFFERED BY: MR. SANDERS

AMENDMENT NO. 8: Page 58, line 1, after the dollar amount, insert the following: '', of which $6,000,000 shall be for the National Personnel Record Center''.

H.R. 4112

OFFERED BY: MR. GUTIERREZ

AMENDMENT NO. 1: In Title III—General Provisions—after the last section insert the following new section:

SEC. 310. The Architect of the Capitol—

(1) shall develop and implement a cost-effective energy conservation strategy for all facilities currently administered by Congress to achieve a net reduction of 20 percent in energy consumption on the congressional campus compared to fiscal year 1991 consumption levels on a Btu-per-gross-square-foot basis not later than 7 years after the adoption of this resolution;

(2) shall submit to Congress no later than 10 months after the adoption of this resolution a comprehensive energy conservation and management plan which includes life cycle costs methods to determine the cost-effectiveness of proposed energy efficiency projects;

(3) shall submit to the Committee on Appropriations in the Senate and the House of Representatives a request for the amount of appropriations necessary to carry out this resolution;

(4) shall present to Congress annually a report on congressional energy management and conservation programs which details energy expenditures for each facility, energy management and conservation projects, and future priorities to ensure compliance with the requirements of this resolution;

(5) shall perform energy surveys of all congressional buildings and update such surveys as needed;

(6) shall use such surveys to determine the cost and payback period of energy and water conservation measures likely to achieve the required energy consumption levels;

(7) shall install energy and water conservation measures that will achieve the requirements through previously determined life cycle cost methods and procedures;

(8) may contract with nongovernmental entities and employ private sector capital to finance energy conservation projects and achieve energy consumption targets;

(9) may develop innovative contracting methods that will attract private sector funding for the installation of energy-efficient and renewable energy technology to meet the requirements of this resolution;

(10) may participate in the Department of Energy's Financing Renewable Energy and Efficiency (FREE Savings) contracts program for Federal Government facilities; and

(11) shall produce information packages and ''how-to'' guides for each Member and employing authority of the Congress that detail simple, cost-effective methods to save energy and taxpayer dollars.