

The result of the vote was announced as above recorded.

GENERAL LEAVE

Mr. KASICH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks on the conference report which has just been adopted.

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

There was no objection.

ANNUAL REPORT OF THE NATIONAL ENDOWMENT FOR THE ARTS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Economic and Educational Opportunities:

To the Congress of the United States:

It is my pleasure to transmit herewith the Annual Report of the National Endowment for the Arts for the fiscal year 1995.

On September 29, 1995, at the close of the fiscal year, the Arts Endowment celebrated its 30th anniversary. A young man or woman born at the same time as this Federal agency's establishment has enjoyed access to the arts and culture unparalleled in the history of the country. The National Endowment for the Arts has helped bring tens of thousands of artists into schools, teaching tens of millions of students about the power of the creative imagination. This small Federal agency has helped launch a national cultural network that has grown in size and quality these past 30 years.

This Annual Report is another chapter in a great success story. In these pages, you will find projects that bring the arts to people in every State and in thousands of communities from Putney, Vermont, to Mammoth Lakes, California. The difference art makes in our lives is profound; we see more clearly, listen more intently, and respond to our fellow man with deeper understanding and empathy.

In these challenging times, when some question the value of public support for the arts, we should reflect upon our obligation to the common good. The arts are not a luxury, but a vital part of our national character and our individual human spirit. The poet Langston Hughes said, "Bring me all of your dreams, you dreamers. Bring all of your heart melodies . . ." For 30 years, the Arts Endowment has helped keep those dreams alive for our artists and our audiences. May it long continue to do so.

WILLIAM J. CLINTON.

THE WHITE HOUSE, June 12, 1996.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 2951

Mr. BACHUS. Mr. Speaker, I ask unanimous consent that my name be removed as cosponsor of H.R. 2951.

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

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 2754, SHIPBUILDING TRADE AGREEMENT ACT

Mr. DREIER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 448 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 448

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. 2754) to approve and implement the OECD Shipbuilding Trade Agreement. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided among and controlled by the chairmen and ranking minority members of the Committee on Ways and Means and the Committee on National Security. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Ways and Means now printed in the bill, modified by the amendment printed in part 1 of the report of the Committee in the nature of a substitute shall be considered as read. All points of order against that amendment in the nature of a substitute are waived. No other amendment shall be in order except the amendment printed in part 2 of the report of the Committee on Rules. That amendment may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for one hour equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against that amendment are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text. 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 California [Mr. DREIER] is recognized for 1 hour.

Mr. DREIER. Mr. Speaker, for purposes of debate only, I yield the cus-

tomary 30 minutes to the gentleman from south Boston, MA, Mr. MOAKLEY, 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. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, this rule provides for consideration of H.R. 2754, legislation to implement the multilateral trade agreement entered into by the President to phase out shipbuilding subsidies and create an international environment conducive to the restoration of a healthy commercial shipbuilding industry in this country.

House Resolution 448 is a modified closed rule, providing 1 hour of general debate divided equally among the chairmen and ranking minority members of the Committees on Ways and Means and National Security. The resolution waives all points of order against consideration of the bill.

The resolution makes in order the amendment in the nature of a substitute as recommended by the Committee on Ways and Means, as modified by the amendment printed in part 1 of the report of the Committee on Rules, as an original bill for purpose of amendment. The amendment shall be considered as read. All points of order are waived against the amendment in the nature of a substitute as modified.

The rule further provides for consideration of an amendment printed in part 2 of the report of the Committee on Rules and waives all points of order against the amendment. The amendment to be offered by the gentleman from Virginia [Mr. BATEMAN] shall be considered as read, shall be debatable for 1 hour equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or the Committee of the Whole.

□ 2230

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

Mr. Speaker, for many years, some foreign governments have employed subsidies to protect their commercial shipbuilders from international competition. It was the policy of the United States not to respond in kind, and I strongly support that policy. Manufacturing subsidies are a wasteful drain on the economy and on taxpayers. We should not fall victim to these insidious policies simply because other countries employ them.

Seven years ago, rather than throw money away in a race to see who could provide the largest subsidy to commercial shipbuilders, the United States initiated multilateral negotiations with the major shipbuilding nations to come to an agreement to end subsidies. Mr. Speaker, this effort was supported by our commercial shipbuilders who realized that the only long-term hope for

the industry in the United States was to reach an agreement.

In December 1994, after 5 years of negotiations, an agreement was reached with the European Commission, Norway, South Korea, and Japan, the world's major shipbuilding nations. The meticulously negotiated agreement to end shipbuilding subsidies was scheduled to enter effect on January 1, 1996 and the start date was extended to July 15 due to delays in congressional approval.

In past years this trade agreement implementing bill would have been considered by the Congress under what are known as fast-track procedures. Congress would have a clean up-or-down vote on the agreement reached by the administration. Regrettably, the Clinton administration has refused for 3 years to compromise with those in Congress who support trade agreements and support fast-track authority, but who refuse to give the administration carte blanche to include any social policy whim they desire in trade agreements. Clearly, this trade agreement and this implementing bill is the type of trade legislation envisioned when Congress established the fast track procedure.

Under fast track, Congress votes up-or-down on legislation, crafted by congressional committees and the administration, to implement an agreement. Amendments are not permitted because they can violate the negotiated agreement, killing the deal by forcing all the tough issues back onto the bargaining table.

This rule attempts to limit that possibility, while giving the House a clear vote on the negotiated agreement. The bill reported by the Committee on Ways and Means will implement the agreement negotiated by the President. The provisions from the Committee on National Security, which are consistent with the negotiated agreement, are included as base text. However, the provisions of the Committee on National Security which violates the agreement are offered to the House in one amendment. The choice is very clear: Approve or reject the agreement.

Mr. Speaker, make no mistake, the vote on the Committee on National Security amendment is the vote on the shipbuilding agreement. If the amendment is approved, we will not be in compliance with the agreement, and it is highly unlikely that negotiations on the agreement will be reopened.

Mr. Speaker, I include for the RECORD letters from the Government of Norway, the Government of Japan, and the European Commission, each of which state the negotiations in this agreement will not be reopened.

I also include a letter in opposition to the national security agreement which came up to us by Ambassador Charlene Barshefsky, our U.S. Trade Representative.

The material referred to is as follows:

ROYAL NORWEGIAN EMBASSY,
Washington, DC, June 5, 1996.

Hon. CHARLENE BARSHEFSKY,
Acting U.S. Trade Representative,
Washington, DC.

DEAR AMBASSADOR BARSHEFSKY, I am writing to you to express the Norwegian Government's grave concern regarding the amendments passed by the National Security Committee of the House of Representatives in its mark-up last week of the legislation for implementation of the OECD Shipbuilding Agreement.

Several of the amendments, most notably the provisions for extending the Title XI shipbuilding loan guarantee program and the provisions for removing the applicability of the Agreement with respect to the building of Jones Act vessels, are clearly inconsistent with the terms of Agreement.

The OECD Shipbuilding Agreement is the result of many years of complex negotiations and represents a carefully crafted compromise between the parties to the Agreement. My Government holds the view that the Agreement is of vital importance for the return to normal competitive conditions in the commercial shipbuilding industry.

Norway has ratified the OECD Agreement, and would find that the introduction of amendments such as those proposed by the National Security Committee would destroy the balance of obligations and, thus, undermine the foundation upon which the Agreement was built. On the Norwegian side, we do not foresee circumstances whereby the signatories of the OECD Agreement would be prepared to reopen negotiations.

Hoping that you will convey to Congress Norway's concern that adoption of the aforementioned amendments would seriously jeopardize the OECD Agreement, I remain,

Sincerely yours,

KARSTEN KLEPSPVIK,
Charge d' Affaires a.i.

DELEGATION OF THE
EUROPEAN COMMISSION,
Washington, DC, May 31, 1996.

Hon. HERBERT H. BATEMAN,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN, I am writing on behalf of the European Commission to express our considerable concern with respect to the amendment passed by the House National Security Committee in its mark-up of the OECD shipbuilding implementing legislation. The amendment calls for an extension of the terms of Title XI financing for ship construction for thirty months. Furthermore the amendment would clearly state that the agreement does not require changes in the Jones Act and that certain Department of Defence procurements are not covered.

This amendment clearly is inconsistent with the terms of the agreement as negotiated between the parties.

The agreement is the result of five years of complex negotiations which have led to the adoption of the basic principles originally proposed by the United States (i.e. the prohibition of virtually all forms of future government subsidies). Therefore this significant amendment would not be acceptable to the European Community since it would be contrary to the basic objectives and balance of mutual concessions contained in the agreement. I cannot envisage the circumstances under which signatories of the OECD agreement would be willing to reopen negotiations.

The adoption of the amendment would put the agreement in serious jeopardy. Therefore, I should like to urge you to take the

above into account in future consideration of the bill.

Sincerely yours,

HUGO PAEMEN,
Ambassador.

JUNE 5, 1996.

Mr. RONALD JOHNSTON,
Secretary-General, OECD.

DEAR MR. JOHNSTON, As you know, the target date for the ratification of the OECD Shipbuilding Agreement is fast approaching. In this regard, I am pleased to report that Japan is making steady progress towards ratification of the Agreement, and we hope to have Diet approval by 15th June.

Despite this optimistic picture, recent developments in the United States are clouding the horizon and are a source of grave concern to us. On 29 May, the US House National Security Committee passed an amendment to the OECD Shipbuilding Agreement which would change the terms of the US participation in the ban to subsidise global shipbuilding. This amendment provides for the extension of the Title XI Loan Guarantee Programme until January 1999. Title XI, which provides subsidised financing for maritime vessels, is in contradiction with the provisions of the Agreement, and its prolongation by the House of Representatives would clearly jeopardise the entry into force of the Agreement.

Let me make it very clear that Japan is opposed to this amendment which goes against the spirit and letter of the Agreement, and would be unwilling to reopen negotiations. The Agreement, fruit of five long years of negotiations, was initially proposed by the United States and had as objective the elimination of all forms of government subsidies to shipyards, a principle supported by the United States. It is clear that the Agreement will bring long-term benefit to all signatory countries whereas passage of the Bateman amendment will open the door for a new round of subsidisation and anti-dumping movements, actions that will hurt all countries.

Japan is using all available channels to directly convey our concern to American lawmakers on this issue. As the OECD as the home of the negotiations, we believe that you, as Secretary-General of the OECD, share our displeasure. We would therefore ask you to use all your influence to convey our own concern to the United States.

Sincerely yours,

MASAJI TAKAHASHI,
Ambassador.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE,
Washington, DC, June 5, 1996.

HERBERT H. BATEMAN,
Chairman, Special Oversight Panel on the Merchant Marine, Committee on National Security, Washington, DC.

DEAR CHAIRMAN BATEMAN: I want to thank you for the opportunity for General Counsel Jennifer Hillman to appear as an Administration witness before your Special Oversight Panel regarding H.R. 2754 which would implement the OECD Shipbuilding Agreement and for the House National Security Committee taking timely action on the bill. I remain optimistic that the United States will be able to ratify this important agreement, which will eliminate large foreign subsidies for shipbuilding and provide new sales and employment opportunities for U.S. shipyards.

At the same time, however, I want to make clear that the substitute amendment to H.R. 2754 approved by the National Security Committee on May 30 modifies the legislation in ways that are clearly incompatible with the

Agreement and unacceptable to the other Signatories.

The Agreement requires that its Members bring their government support programs into compliance with the provisions of the Agreement as of entry into force (now scheduled for July 15, 1996). The National Security Committee substitute amendment (Section 205) would delay the required modification of our Title XI loan guarantee program until January 1, 1999. The Agreement also provides for an exemption for the home-build requirements of U.S. coastwise laws ("Jones Act"), these requirements are allowed to continue indefinitely while the home-build requirements of the other members must be eliminated as of entry into force. To address the concerns of the other Members, however, provisions were painstakingly negotiated to provide a means of redress in the unlikely event this exemption were determined to significantly undermine the balance of rights and obligations under the Agreement. Section 207 of the substitute amendment would negate these provisions—which are the basis on which we obtained an exemption for the Jones Act.

Other Signatories to the Agreement have been quick to contact us in the wake of the May 30 action by the National Security Committee. Their message has been uniform: the substitute amendment is inconsistent with the Agreement, fundamentally undermines the balance of mutual concessions and commitments contained in the Agreement, and is therefore unacceptable. It would require a

complete renegotiation of the Agreement—something that they are unwilling to consider at this late stage. I would note in this regard that, with the exception of Japan, all other Members of the Agreement have completed their internal parliamentary process and ratified the Agreement; final Japanese approval of the Agreement and its implementing legislation is expected this week. Thus, aside from policy objections, the substitute amendment would invalidate time-consuming foreign ratification efforts. You can readily imagine the legal difficulties of seeking to reopen these parliamentary processes.

In sum, I believe the substitute amendment approved by the National Security Committee will, if adopted, end the United States' chance to impose strong disciplines on foreign subsidies and other unfair trading practices in the shipbuilding sector. Aside from its adverse implications for our shipbuilding industry itself, we need to secure passage of unencumbered legislation to assure our trading partners of our ability to implement tough agreements that the U.S. initiated.

I appreciate your hard work on the bill and I look forward to working with you to ensure that implementing legislation that is consistent with the Agreement is passed prior to June 15.

Sincerely,
 CHARLENE BARSHEFSKY,
 Acting United States Trade Representative.

Mr. DREIER. Mr. Speaker, it is quite clear if you judge the agreement as negotiated by the administration to be insufficient, then the national security amendment offers a vehicle to kill it. However, I support ending foreign subsidies. I believe this shipbuilding agreement will achieve that goal. Approving this implementing bill is critical to bringing this agreement into force, so I urge Members to reject the amendment of the Committee on National Security.

Mr. Speaker, while the Committee on Ways and Means and the Committee on National Security hold very different views on the substance of this agreement, they both support this fair floor procedure. It offers the Members a clear and understandable choice: On one hand, the agreement, and on the other hand, continue with U.S. loan guarantee subsidies, which will require this agreement to be renegotiated.

I look forward to a good debate when we move to this issue, and I urge all Members to support this rule so we can get to that debate.

Mr. Speaker, I include for the RECORD the following materials:

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,¹ 103D CONGRESS V. 104TH CONGRESS

[As of June 12, 1996]

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Open/Modified-Open ²	46	44	73	59
Structured/Modified Closed ³	49	47	33	27
Closed ⁴	9	9	17	14
Total	104	100	123	100

¹This table applies only to rules which provide for the original consideration of bills, joint resolutions or budget resolutions and which provide for an amendment process. It does not apply to special rules which only waive points of order against appropriations bills which are already privileged and are considered under an open amendment process under House rules.
²An open rule is one under which any Member may offer a germane amendment under the five-minute rule. A modified open rule is one under which any Member may offer a germane amendment under the five-minute rule subject only to an overall time limit on the amendment process and/or a requirement that the amendment be preprinted in the Congressional Record.
³A structured or modified closed rule is one under which the Rules Committee limits the amendments that may be offered only to those amendments designated in the special rule or the Rules Committee report to accompany it, or which preclude amendments to a particular portion of a bill, even though the rest of the bill may be completely open to amendment.
⁴A closed rule is one under which no amendments may be offered (other than amendments recommended by the committee in reporting the bill).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS

[As of June 10, 1996]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 38 (1/18/95)	O	H.R. 5	Unfunded Mandate Reform	A: 350-71 (1/19/95).
H. Res. 44 (1/24/95)	MC	H. Con. Res. 17	Social Security	A: 255-172 (1/25/95).
H. Res. 51 (1/31/95)	O	H.R. 101	Balanced Budget Amdt	A: voice vote (2/1/95).
H. Res. 52 (1/31/95)	O	H.R. 400	Land Transfer, Taos Pueblo Indians	A: voice vote (2/1/95).
H. Res. 53 (1/31/95)	O	H.R. 440	Land Exchange, Arctic Nat'l. Park and Preserve	A: voice vote (2/1/95).
H. Res. 55 (2/1/95)	O	H.R. 2	Land Conveyance, Butte County, Calif	A: voice vote (2/2/95).
H. Res. 60 (2/6/95)	O	H.R. 665	Line Item Veto	A: voice vote (2/7/95).
H. Res. 61 (2/6/95)	O	H.R. 666	Victim Restitution	A: voice vote (2/7/95).
H. Res. 63 (2/8/95)	MO	H.R. 667	Exclusionary Rule Reform	A: voice vote (2/9/95).
H. Res. 69 (2/9/95)	O	H.R. 668	Violent Criminal Incarceration	A: voice vote (2/10/95).
H. Res. 79 (2/10/95)	MO	H.R. 728	Criminal Alien Deportation	A: voice vote (2/13/95).
H. Res. 83 (2/13/95)	O	H.R. 7	Law Enforcement Block Grants	A: voice vote (2/13/95).
H. Res. 88 (2/16/95)	MC	H.R. 831	National Security Revitalization	PQ: 229-199; A: 227-197 (2/15/95).
H. Res. 91 (2/21/95)	O	H.R. 830	Health Insurance Deductibility	PQ: 230-191; A: 229-188 (2/21/95).
H. Res. 92 (2/21/95)	MC	H.R. 889	Paperwork Reduction Act	A: voice vote (2/22/95).
H. Res. 93 (2/22/95)	O	H.R. 450	Defense Supplemental	A: 282-144 (2/22/95).
H. Res. 96 (2/24/95)	MO	H.R. 1022	Regulatory Transition Act	A: 252-175 (2/23/95).
H. Res. 100 (2/27/95)	O	H.R. 926	Risk Assessment	A: 253-165 (2/27/95).
H. Res. 101 (2/28/95)	MO	H.R. 925	Regulatory Reform and Relief Act	A: voice vote (2/28/95).
H. Res. 103 (3/3/95)	MO	H.R. 1058	Private Property Protection Act	A: 271-151 (3/2/95).
H. Res. 104 (3/3/95)	MO	H.R. 988	Securities Litigation Reform	A: voice vote (3/6/95).
H. Res. 105 (3/6/95)	MO	H.R. 956	Attorney Accountability Act	A: 257-155 (3/7/95).
H. Res. 108 (3/7/95)	Debate	H.R. 956	Product Liability Reform	A: voice vote (3/8/95).
H. Res. 109 (3/8/95)	MC	H.R. 1159	Making Emergency Supp. Approps	PQ: 234-191; A: 247-181 (3/9/95).
H. Res. 115 (3/14/95)	MO	H.J. Res. 73	Personal Responsibility Act of 1995	A: 242-190 (3/15/95).
H. Res. 116 (3/15/95)	MC	H.R. 4	Term Limits Const. Amdt	A: voice vote (3/28/95).
H. Res. 117 (3/16/95)	Debate	H.R. 1271	Family Privacy Protection Act	A: voice vote (3/21/95).
H. Res. 119 (3/21/95)	MC	H.R. 660	Older Persons Housing Act	A: 217-211 (3/22/95).
H. Res. 125 (4/3/95)	O	H.R. 1215	Contract With America Tax Relief Act of 1995	A: 423-1 (4/4/95).
H. Res. 126 (4/3/95)	O	H.R. 483	Medicare Select Expansion	A: voice vote (4/6/95).
H. Res. 128 (4/4/95)	MC	H.R. 655	Hydrogen Future Act of 1995	A: 228-204 (4/5/95).
H. Res. 130 (4/5/95)	O	H.R. 1361	Coast Guard Auth. FY 1996	A: 253-172 (4/6/95).
H. Res. 136 (5/1/95)	O	H.R. 961	Clean Water Amendments	A: voice vote (5/2/95).
H. Res. 139 (5/3/95)	O	H.R. 535	Fish Hatchery—Arkansas	A: voice vote (5/9/95).
H. Res. 140 (5/9/95)	O	H.R. 584	Fish Hatchery—Iowa	A: 414-4 (5/10/95).
H. Res. 144 (5/11/95)	O	H.R. 614	Fish Hatchery—Minnesota	A: voice vote (5/15/95).
H. Res. 145 (5/11/95)	O	H. Con. Res. 67	Budget Resolution FY 1996	A: voice vote (5/15/95).
H. Res. 146 (5/11/95)	O			A: voice vote (5/15/95).
H. Res. 149 (5/16/95)	MC			PQ: 252-170; A: 255-168 (5/17/95).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS—Continued

[As of June 10, 1996]

Table with columns: H. Res. No. (Date rept.), Rule type, Bill No., Subject, Disposition of rule. Lists various resolutions and bills such as H. Res. 155 (5/22/95) and H.R. 1561, covering subjects like American Overseas Interests Act, Nat. Defense Auth., and various appropriations.

Codes: O-open rule; MO-modified open rule; MC-modified closed rule; S/C-structured/closed rule; A-adoption vote; D-defeated; PQ-previous question vote. Source: Notices of Action Taken, Committee on Rules, 104th Congress.

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

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

Mr. Speaker, I am pleased to say I support this rule, which gives people on both sides of this issue a chance to be heard.

It will allow the supporters of this shipbuilding trade agreement a chance to vote for the agreement and it will give others a chance to make changes.

So, although I count myself as one of the people who would like to make changes, I am happy to say I support this rule because it will allow us to do so.

Mr. Speaker, this shipping agreement is a good start. It takes some serious steps toward making the international business of shipbuilding fair for all shipbuilders—regardless of their nationality. It seeks to eventually elimi-

nate shipbuilding subsidies; prevent dumping; and settle disputes.

But, Mr. Speaker, this shipbuilding trade agreement is unbalanced. It does not do enough to protect American shipbuilders from unfair international shipbuilding subsidies.

Unless we change that aspect of the agreement, unless we adopt the Bate-man amendment, this agreement is unfair to American shipbuilders and shouldn't go any further.

The Bateman amendment continues the title 11 loan guarantees at their current levels. In other words it will even the playing field for American shipbuilders in light of continued subsidies by foreign governments.

Mr. Speaker, this agreement is the result of 5 years of negotiations among the major shipbuilding countries of the world. The goal is a very noble one, namely to end all shipbuilding subsidies in the year 1999. But, unfortunately, it appears that we have given away nearly the whole store and gotten just about nothing in return.

Mr. Speaker, the creation of the title 11 loan guarantee program has jump started the American shipbuilding industry in recent years. It enables qualified shipbuilders to receive substantial loan guarantees from our Government for up to 87.5 percent of a loan over a 25-year period.

Thanks to this program previously defunct shipyards, like the Quincy Shipyard in Massachusetts, have been able to get back on their feet.

Mr. Speaker, this is the only government program designed to help U.S. shipbuilders, and it carries a price tag of \$50 million annually. Other countries such as Japan, South Korea and Germany subsidize their shipyards with nearly 200 times that amount—approximately \$8 billion annually. Instead of asking the other countries to stop their subsidies now, this agreement slashes the title 11 loan guarantees by 7½ percent.

Meanwhile, several countries are using loopholes to continue using government subsidies to modernize their shipyards.

Although these subsidies will end in 1999, Mr. Speaker, I worry that 1999 will be too late. By that time, our European competitors will have used these subsidy loopholes to modernize their shipyards. The level playing field envisioned by the creators of this agreement will have evaporated because American shipyards won't be able to compete with these fully modern yards.

If we aren't going to give our shipbuilders loan guarantees, Mr. Speaker, then we shouldn't sign an agreement that leaves open loopholes through which other countries can subsidize their shipbuilding.

Hard working Americans in places like the Quincy Shipyard deserve their chance to compete in today's global economy—without having to worry about competing against subsidized foreign shipbuilders.

I urge my colleagues to support this rule because it allows both sides a chance to offer their proposals. I also urge my colleagues to support the Bateman amendment to help even the playing field for American shipbuilders.

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

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

Mr. Speaker, let me first say that I disagree with my dear friend, the gen-

tleman from South Boston, MA, when he says that President Clinton sold out the store on this issue.

Mr. MOAKLEY. I did not say President Clinton, Mr. Speaker, if the gentleman will yield.

Mr. DREIER. I think it was President Clinton who put this agreement together.

Mr. Speaker, I am happy to yield 6 minutes to the gentleman from Newport News, VA [Mr. BATEMAN], a distinguished member of the Committee on Transportation and Infrastructure.

Mr. BATEMAN. Mr. Speaker, I thank the gentleman for yielding time to me, and I also want to commend him on the rule which he has brought for consideration of this very, very important matter. It is a fair rule, it is an appropriate rule. It does give to those who have concerns about this agreement the opportunity to debate it and to address the means by which the agreement can be improved to a point where it would be worthy of the support of the representatives of the American people.

It is perhaps strange to many that a bill that started in the Committee on Ways and Means and is, in essence, a trade agreement would come to the floor with some input from the Committee on National Security. But when we think of the basic subject matter of this particular trade agreement, it is more than appropriate that the Committee on National Security have a voice in whether or not that treaty or that agreement should be implemented legislatively, for this agreement deals with shipbuilding, and when we deal with shipbuilding, we deal with something which is absolutely vital to the national security interests of the United States of America.

When the United States of America is no longer a maritime power, the United States of America is no longer a world power. It is just in the nature of the world we live in and the geography that we deal with that we must be a maritime power. We cannot be a maritime power if we do not have the capability to build and maintain a merchant fleet and to have the capability to build in our country naval combatant vessels.

I can say to the Members that their large shipyards in the United States, the ones which do and can build naval combatant vessels, are opposed to his agreement if implemented according to the terms of the Committee on Ways and Means bill. They have sought and I have been proud to author an amendment which would make this agreement more fair and more protective of the legitimate interests of American shipbuilding and of America's national security.

The amendments which I will be offering would include an extension for 30 months of our existing title XI program, because it is a program that is working, and because it is a program that is essential to a transition period so our shipbuilding can play on an even playing field when this agreement is

fully implemented and all of the subsidies go away, very appropriate in light of the fact that there are other nations who are parties to this agreement who have special transition provisions allowing them hundreds of millions of dollars in continued subsidization of their shipyards.

The trade representatives have assured us, according to their interpretation, that this agreement has nothing to do with, has no effect upon, the Jones Act. Yet, the letter cited by the distinguished gentleman from California, from various embassies who are parties to this agreement, says that my amendment, because it makes it explicit that the agreement shall not affect the Jones Act, is totally unacceptable to them.

□ 2245

I would say to you that that is a very, very strong reason why the amendments which I will offer tomorrow ought to be enacted, because it must be unequivocally clear that the Jones Act is not affected by this agreement.

We also must make it perfectly clear that we reserve the right to define ships that are built for a national defense purpose and that someone else cannot say that our Marine and Army prepositioned vessels and other ships which discharge a vital national security interest must be regarded as commercial vessels and cannot be built in American shipyards but must be made available for bid to the lowest bidder from any Nation in the world. We cannot make our national defense capabilities dependent upon that.

Mr. Speaker, when this debate is heard tomorrow, I would implore the Members of the House to remember that they are representing the vital interests of the United States of America and its capability to remain a maritime power. In doing that, they must look upon this agreement as what is fair and what serves the interest of the people whom we represent. Based on that standing, I believe the Members of the House will support the Bateman amendment when offered and with that amendment we can go on to perfect this agreement if the parties are willing to do so.

Mr. MOAKLEY. Mr. Speaker, I yield 9 minutes to the gentleman from Florida [Mr. GIBBONS], the ranking member of the Committee on Ways and Means.

Mr. GIBBONS. Mr. Speaker, I support this rule. I had not wanted to use this much time to debate this rule but since we got into the merits of the bill, I think it is appropriate that someone who is connected with the bill since its inception explain the position of the Committee on Ways and Means and the position adopted by the administration in negotiating this agreement.

Mr. Speaker, there is a lot of shipbuilding business out there to be had by Americans if we can just get the rest of the world to do away with their subsidies. Here on this floor in 1981, the

Congress adopted the Gramm-Latta substitute to the budget reconciliation bill and wiped out all U.S. subsidies. One tiny little subsidy, almost insignificant subsidy, survived that onslaught. There is a great obsolescence coming about on all the commercial ships that have been built in the world. The amount of shipbuilding that will be done by the rest of the world in the next few years is going to be tremendous. It is important that America get its fair share. We are very competitive in commercial shipbuilding, due largely to the value of our dollar. And we can compete, so our shipbuilders tell us, on a level playing field. That is what this agreement provides for.

I began this action about 7 or 8 years ago and for the last 5 years we have been negotiating furiously with all the other shipbuilders. We wore out 4 sets of negotiators and we finally reached an agreement. But a minority of the shipbuilders in this country have decided that they do not like the agreement, that they could do better. But I doubt that they can. The gentleman from California [Mr. DREIER] has put into the RECORD responses from the other parties to this agreement that if this agreement is amended by the Bateman amendment that they will walk away from the agreement and will not further negotiate. These are not little bitty insignificant nations, they are the 280 million people of the European community, the nations of Japan and South Korea and other countries that have said that if we tear up this agreement by amending it with the Bateman amendment, it is all over, they will go back to their subsidies. They are having trouble getting rid of their subsidies in their countries. But all of those other countries have already approved this agreement. Even though we pushed the agreement to negotiation, we originated all of this, we are the last to ratify it. The day to ratify it is this week. On the 15th of this month, the extensions that we have gotten run out.

No agreement is perfect. No agreement is going to be 100 percent agreed to by everyone. But this is a good agreement. It will put us back in the shipbuilding business. And it will do away with foreign subsidies.

Why will the Bateman amendment not work? The Bateman amendment is presently law in the United States hanging by one thin thread, a thread about as thick as a spider's thread. The only thing that saves what Mr. BATEMAN would like to do today is a standstill agreement in this agreement that we are ratifying. What is a standstill agreement? When we finally sign an international agreement, all countries customarily agree to stand still and not to escalate, in this case, the subsidies that we have cut off. At the time that this agreement was signed, the United States was slightly ahead in the subsidy race in ship purchasing financing. In other words, we gave a better subsidy to ship purchasers than did any

other nation. But the only reason they have not matched or beaten our subsidy is because they have agreed to stand still. That agreement expires Friday.

Come Friday, all the gentleman from Virginia [Mr. BATEMAN] is trying to save will go up in thin air, because all the other countries on Earth that are parties to this agreement can start the subsidy race again. I do not see in the United States any desire to enter into shipbuilding subsidies. We thought we were getting rid of all of them in 1981.

It is just dreaming to say that we can go our own separate way on this agreement, that we can continue our subsidies and everybody else will fall in line. That is just pure imagination.

So the chance is here. We can get America back into the shipbuilding industry, the commercial shipbuilding industry. This is a good agreement. We ought to take this opportunity while we have got it.

Mr. Speaker, I have never been any more sincere about anything I have said on this floor than I am about this agreement. I have followed it, started it way back in the beginning. I know what is in it. We cannot improve it at this stage of it. It is good for America to do this.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume to simply rise and associate myself with the remarks of the distinguished ranking minority member of the Committee on Ways and Means and the former chairman not only of the full committee but of the Trade Subcommittee. The gentleman from Florida [Mr. GIBBONS] has, as he said, followed this issue very, very closely from its inception and he understands that doing everything that we possibly can to push those other countries that have been involved in subsidization will do nothing but enhance the ability of shipbuilders here in the United States, and I think that that is something that we all want to do. But certainly there are differences of opinion on it and this rule will allow a chance to bring that up.

I certainly concur with the gentleman from Florida [Mr. GIBBONS] as a fellow free-trader that doing everything that we possibly can to ensure that the amendment of my very good friend from Virginia [Mr. BATEMAN] does not carry, I think, will go a long way toward assisting a shipbuilding industry in this country.

With that, Mr. Speaker, I yield 3 minutes to my very good friend, the gentleman from Portland, ME, former marine, Mr. LONGLEY.

Mr. LONGLEY. I thank the gentleman from California for yielding time.

Mr. Speaker, I rise in support of the rule that has been written on this bill. Again I would echo a number of the comments that have been made this evening but perhaps with a slightly different twist. I think it is important to understand that the steps that led to

this agreement were begun in 1989 at the urging of the sixth largest U.S. shipyards, including the Bath Iron Works located in my district. The negotiations were initiated following the withdrawal of a section 301 trade complaint that had been filed by these shipyards charging that foreign shipbuilders had been engaging in unfair competitive practices.

As we know, many of the governments in Europe, Korea and Japan have been subsidizing commercial shipyards for decades and these subsidies have been running into the billions of dollars. Unfortunately in the view of the six major yards, the agreement has not accomplished what it set out to do and it has left major discrepancies in terms of the interpretation and how the agreement might be interpreted and how that might apply to American shipyards.

On that basis, I support the committee's conclusion to provide for a rule that will allow a vote on the Bateman amendment. I will later be speaking in support of the Bateman amendment and perhaps later even questioning the other aspects of the agreement.

But I think the one note that I would want to urge in this debate as we consider the rule and get ready for the debate on the measure itself is that the United States which at one time was the greatest sea power in the world has now reached the point where the number of workers employed in industrial shipyards that make the major surface military and commercial vessels for this great country have now reached a point where their employment is at an all-time low of about 78,000 jobs, far lower than it has ever been in our history.

Furthermore, our share of the international shipping market, commercial shipbuilding market, is barely 1 to 2 percent. Clearly there is an issue here as to an agreement and whether or not that agreement has actually achieved the level playing field that our domestic shipbuilders will need if they are going to compete equitably in the world shipbuilding market.

On that basis, I would end what I have to say tonight. I want to compliment the gentleman from California and the ranking member for what I think is a good rule that will lead to a good debate. I look forward to that tomorrow.

Mr. MOAKLEY. Mr. Speaker, I yield 8 minutes to the gentleman from Mississippi [Mr. TAYLOR].

Mr. TAYLOR of Mississippi. I thank the ranking member for yielding time.

Mr. Speaker, this is a bad rule and following this rule it is a bad bill. It is a bad rule because the greatest law-making body in the world will start its day tomorrow waiving the rules that it lives by. One of those rules would allow the 435 Members of this body to come forward to try to perfect this bill. But under the rule as envisioned by the Rules Committee, they cannot do so. They have to take it all or leave it all.

So what is it that we are being asked to take or leave? It is a measure that affects our national sovereignty and it is a measure that affects our national security.

Mr. Speaker, the gentleman from Maine [Mr. LONGLEY] touched on it but I will take it a step further. On the day that I was born, this was the undisputed greatest maritime power in the world. We had more ships than anyone and we built more ships than anyone. That continued for a long time. But the real decline started around 1981 when this Congress, for whatever reason—it probably made sense at the time—decided to stop helping our domestic shipbuilders. There was a wink to them, because the Reagan defense buildup was coming along, that they would build a lot of naval ships. But the 600-ship Navy that was spoken about by President Reagan is now rapidly becoming a 150-ship Navy. The help that was promised has rapidly evaporated and along with it the ability of this Nation to protect itself.

Mr. Speaker, we are an island nation. This island Nation that was defended by people like SAM GIBBONS at Normandy had to build 16,000 ships during World War II, because when you go to war, one of the things that happens is people sink your ships. As recently as Desert Storm, our Nation had to go out and charter 85 foreign flagged vessels to resupply our troops. We did not lose a single ship to a foreign casualty, yet even in peacetime we did not have enough ships to resupply our troops.

Now we are being told that we want to not only lose the fleet but lose the ability to ever build that fleet again. Who is telling us this? It is the same folks who brought us NAFTA.

You remember NAFTA. Back in November 1983 when we had a \$6 billion trade surplus with Mexico, they said, it would help our trade situation. It has not. It has increased our deficit. We went from a surplus to a deficit. You remember how they talked about the jobs that would be created. Well, maybe they have been, but they have not been created in this country. They were created in Mexico.

If anyone in this room needs any evidence, I will invite you to visit Wiggins, MS; or Gulfwood, MS; or Poplarville, MS; or Neely, MS, and see the empty garment plants. In places like Neely, MS, when they shut down the garment plant, there is no place else to go. There is no reason for worker retraining. It was the only business in town. Or, for that matter, I would like to invite you to Lucedale or Poplarville or Hattiesburg and go to the livestock auction. Before NAFTA an average calf was selling for about \$1.10 a pound. Right now when the farmers can find a buyer, cattle is going for about 55 cents a pound. People's entire lifetime investments cut in half since the passage of NAFTA and the beef that has come up from Mexico. So the same folks who brought us NAFTA now want to take it a step fur-

ther, and they want to do away with the ability of this Nation to defend itself.

□ 2300

Something that we did in 1993, and I am very proud of, with broad bipartisan support, recognizing that our Nation has to have shipbuilders and that we are down to only six, is we passed the National Shipbuilding Initiative. It is an expansion of the title XI program which was begun under President Roosevelt when our Nation, prior to World War II, found itself in the same situation, and that is an island nation that did not have enough ships to support itself. They started a program of loan guarantees to help our shipbuilders build commercial ships, the kind of ships we need to move goods during time of war.

We passed it again in 1993, and we went from building no ships a year up to having 13 on order, and with an incredible market opportunity out there. Because with the passage of the Oil Pollution Act of 1990, 2,000 tanker ships will have to be replaced in about the next 10 years. We could be building those ships but, instead, this measure is going to deprive the American shipyards of any help at all, even if it is a loan guarantee, to try to go after that 2,000 ship market.

In effect, what we are saying is that just like our garments and just like our beef, we are now going to import ships. We are going to be a Third World country because we will lose our shipyards, and from now on, when we need a destroyer or a carrier or a submarine, we will call up someone else to sell them to us.

Now that might have worked in Desert Storm, but I would remind those people who have lived a little longer, that many of those nations that lined up with us during Desert Storm were on the other side during Vietnam. They could be on the other side again.

It affects our sovereignty because for the first time in the history of our Nation, if we want to do something to help our domestic shipbuilders stay in business, and incidentally, every one of the major shipbuilders is against this proposal, and they testified before the Committee on National Security to that effect, so the people that the gentleman from California [Mr. DREIER] says he wants to help are all against it, without exception. But it would require this Nation to go seek the permission of about 20 other nations just to help our own shipbuilders so that they can be in business when we need them, because there is going to be another war.

Since the fall of the Iron Curtain we have had a war in Panama, we have had a war in the desert, and we have had a situation in Bosnia. It is going to happen again. I have kids, and I wish it would not happen again, but the history of this Nation is that it is and it happens whenever we let our guard down, and this is letting our guard down.

It affects our national security, because if we cannot build ships this island Nation cannot defend itself. It is that simple.

So, Mr. Speaker, for all of these reasons, this is a bad agreement at the wrong time in our Nation's history. The great nations of the world have always been great manufacturers and been great maritime powers. With NAFTA, we have murdered American manufacturing. There have been 10,000 new factories build on this continent in the past 10 years, but they have all been built in Mexico, and now the people who brought us NAFTA want to do away with what is left of American shipbuilding and send it overseas.

Mr. Speaker, I urge the defeat of the rule and I would strongly urge the defeat of the measure.

Mr. MOAKLEY. Mr. Speaker, I yield back the balance of my time and await my dear friend's closing argument.

Mr. DREIER. Mr. Speaker, I yield myself the remainder of my time. I would like to close by simply responding to some of the remarks that were made by my friend from Mississippi and to extend hardy congratulations to my friend, the gentleman from Tampa, FL [Mr. GIBBONS].

Over the last three decades, in a bipartisan way, the United States of America has stood for free trade. There has been no Member of Congress who has been more diligent in the pursuit of those policies than SAM GIBBONS. The benefits to the consumer in the United States have been overwhelming because of the fact that we have successfully broken down barriers. And eliminating those barriers has improved the standard of living and at the same time it has created jobs.

The gentleman from Florida has been intimately involved in just the last few years with implementation of the North American Free-Trade Agreement and with the Uruguay round of the General Agreement on Tariffs and Trade. And I would say, Mr. Speaker, that both of those items have been job creators here in the United States.

I differ with my friend from Mississippi. I happen to believe that the facts show that over 336,000 jobs here in the United States have been saved because of the North American Free-Trade Agreement. I also feel very strongly that if we look at the difficulties that existed in Mexico, and we juxtaposed those to the peso crisis of 1982, we would have seen a much different response if we had not had the North American Free-Trade Agreement as SAM GIBBONS and I and others fought on behalf of.

I also believe that this may be the last trade agreement of the very distinguished career of the gentleman from Florida, and so I think that it is important for us as a nation, having benefited from his three decades of work on this issue, to ensure that we move ahead and realize, realize that for our consumer, for those who are trying to find new markets by creating jobs with

exports, that we are doing the right thing by passing this agreement. If we pass an amendment to it, it will kill it, and so I hope very much that we will move ahead and do the right thing here.

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 SPEAKER pro tempore (Mr. TAYLOR of North Carolina). The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

JUST DO IT

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

Mr. SMITH of Michigan. Mr. Speaker, this afternoon and evening we have discussed a budget resolution in our goals to eventually achieve a balanced budget. It makes me think, after listening to much of the discussion of what we should do, of the Nike running shoe ad that says, "Just do it".

We hear a lot of rhetoric about the fact that we should cut down on some of the wasteful spending. I say just do it. We hear a lot of discussion about let us lower some of those overwhelming taxes that we have imposed on the American working people. I say let us just do it. We have heard a lot of talk about how we change welfare, how we admit that welfare programs have been unsuccessful for the last 40 years and they need changing because we have taken the spirit away from people by giving them something for nothing. In changing the welfare program, I say just do it.

It is like the Nike ad on just doing it. It is not easy, it is going to be tough, but we have to just clench up our fists, we have to tighten up our stomachs and tighten up our dedication and just do it.

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. CHABOT). Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

[Ms. KAPTUR 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 gen-

tleman from Indiana [Mr. BURTON] is recognized for 5 minutes.

[Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri [Mr. VOLKMER] is recognized for 5 minutes.

[Mr. VOLKMER addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

THE TAX TRAP

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. Mr. Speaker, when I am back in Michigan in our 7th Congressional District, around Battle Creek and Jackson and Hillsdale and Adrian, not a day goes by but a young mother or a young father comes up to me and says, you know, we are working very hard and we can hardly get by. We are both working now. Or sometimes it is a young mother, all by herself trying to support her kids, and they say why is it so difficult now when my mom and dad, when I was growing up, only one of them worked and we still ended up with enough money to go on vacations, to have good food, and to have good housing?

You know what I have concluded, Mr. Speaker, a large part of today's problem is? The tax trap. Back in the 1950's and the 1960's the taxes only took a small part of our earnings, but today taxes take almost 50 percent of what we earn. Taxes at the local, State and national level take 41 percent of what we earn. And then, if we earn more money and work harder, and we get into those higher tax brackets, in addition to the 15 percent that goes into FICA, we can go as high as 39 percent on our income tax.

I call it the tax trap because people may remember that old song that says the more you study, the more you learn; the more you learn, the more you forget; the more you forget, the less you know; so why study? It is sort of true on taxes. The harder you work and the more you earn, the higher your taxes are and the more you have to pay the Federal Government to spend the money that you worked so hard to earn.

I wonder if people know that today we spend more on food and clothing and shelter. The taxes that we pay to the government is more than we spend on food and clothing and shelter. I wonder if people know that there is about 70 percent of the hard-working American people that pay more in the FICA taxes, that 15 percent that is tacked on to our wages, than they do in the Federal income tax.

□ 2315

Let us look at the FICA taxes a minute. Most of that, 12.4 percent, goes to pay Social Security taxes. How many of the people under 40 today think that Social Security is going to be around when they are ready to retire?

We have got some real problems with Social Security. Back in the early 1980's and 1982, they appointed the Greenspan Commission because at that time they published reports that the unfunded liability of Social Security was 1.82 percent of payroll. In other words, taxes would have to be raised that much more to cover the unfunded liability of Social Security.

Guess what it is today. Today the unfunded liability of Social Security is 2.17 percent. So when we hear people say, "Don't worry about Social Security because it is going to have enough money until the year 2029," what happened is the actuaries just recently came and said it is not going to be 2030, but it is going to be 2029, but the fact is that is only if somehow Government pays back all the money that it has been taking out of the Social Security surpluses.

Since we changed the Social Security taxes in 1983, and at that time the estimate was that they would be solvent for 65 years, well, guess what one of the former commissioners, Dorcas Hardy, said a couple of weeks ago? She estimated that sometime during the year 2005 there would be less money coming in for Social Security than was required for the payout.

There is no trust fund. There is no reserve. The Federal Government has taken every cent of the surplus every year, written out an IOU, and spent that money for general fund spending, expanding Government spending, expanding programs, taking more of Americans' individual decisionmaking away from them and putting it in this Chamber and over in the Senate Chamber and having Government make the decisions that they used to decide.

So when that young mother and young father come to me and say, "What are your suggestions, what are we going to do," my suggestion is to slow down on the borrowing and eventually balance this budget. Slow down on those taxes. Let people keep some of that hard-earned money in their own pockets and decide how to spend that money, rather than sending it to this kind of Chamber to let Government decide how to spend your hard-earned dollar.

Somewhat, Mr. Speaker, we have got to have a tax system where the people that work hard and try and save, end up better off than those that do not. That is the goal of our budget resolution, and our budget projection for the future of saying cut spending, do it now, do not put it off and let us get to a balanced budget. Let us quit borrowing and taking the future away from our kids.