

Livingston	Oberstar	Spellman
Lloyd	Obey	St Germain
Loeffler	Ottinger	Stack
Long, La.	Panetta	Staggers
Long, Md.	Patten	Stanton
Lowry	Patterson	Stark
Lujan	Perkins	Steed
Lulken	Peyster	Stenholm
Lundine	Pickle	Stokes
McClory	Preyer	Stratton
McCloskey	Price	Studds
McCormack	Pritchard	Swift
McDade	Pursell	Synar
McEwen	Quayle	Taylor
McHugh	Rahall	Thomas
McKay	Rallsback	Thompson
McKinney	Rangel	Traxler
Madigan	Ratchford	Trible
Markley	Regula	Udall
Marke	Reuss	Ullman
Marlene	Rhodes	Van Deerin
Marriott	Richmond	Vander Jagt
Mathis	Rinaldo	Vanik
Mataul	Ritter	Vento
Mavroules	Roberts	Walgren
Mazzoli	Robinson	Wampler
Mica	Rodino	Watkins
Michel	Roa	Waxman
Mikulski	Rostenkowski	Weiss
Milys	Roybal	White
Mineta	Royer	Whitley
Minish	Russo	Whittaker
Mitchell, N.Y.	Sabo	Whitten
Mockley	Santini	Williams, Md.
Mollohan	Sawyer	Williams, Ohio
Montgomery	Scheuer	Wilson, Bob
Moorhead, Pa.	Schulze	Wilson, C. B.
Murphy, N.Y.	Sebellius	Wilson, Tex.
Murphy, Pa.	Seiberling	Wolf
Murtha	Shannon	Wolpe
Myers, Ind.	Sharp	Wright
Myers, Pa.	Shelby	Wyatt
Natcher	Shuster	Wydler
Neal	Simon	Yates
Nedzi	Skelton	Yatron
Nelson	Sleak	Young, Alaska
Nichols	Smith; Iowa	Young, Fla.
Nolan	Smith, Nebr.	Young, Mo.
Nowak	Snowe	Zablocki
O'Brien	Snyder	Zerferetti
Ortiz	Solarz	

Mr. Pepper with Mr. Hagedorn.
 Mr. Rosenthal with Mr. Frenzel.
 Mr. Rose with Mr. Carter.
 Mr. Gibbons with Mr. Holland.
 Mrs. Collins of Illinois with Mr. Miller of California.
 Mr. Conyers with Mr. Stewart.
 Mr. Corman with Mr. Anderson of Illinois.
 Mr. Evans of Georgia with Mr. Dellums.

Messrs. PEASE, GOODLING, ASH-BROOK, FOUNTAIN, and KRAMER changed their votes from "yea" to "nay."
 So the bill was passed.
 The result of the vote was announced as above recorded.
 A motion to reconsider was laid on the table.

□ 1440
 GENERAL LEAVE

Mr. DUNCAN of Oregon. 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. 4440, just passed.
 The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?
 There was no objection.

EXPORT ADMINISTRATION ACT
 AMENDMENTS OF 1979

Mr. BINGHAM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4034) to provide for continuation of authority to regulate exports, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. BINGHAM).

The motion was agreed to.

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 further consideration of the bill, H.R. 4034, with Mr. DANIELSON (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Tuesday, September 11, 1979, the Clerk had read through line 6, on page 40.

Are there any further amendments to section 104?

Mr. BINGHAM. Mr. Chairman, I move to strike the last word.

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

Mr. BINGHAM. Mr. Chairman, we have a little over 4 hours to complete consideration of this important legislation.

It really is imperative that we finish consideration of this bill today. The law that we are extending by this legislation expires the end of this month. If we do not extend this, there will be no export controls. I think we can do the job in the next 4 1/4 hours if the Members will exercise some degree of restraint. There may be some amendments that they may be willing to forego offering and simply

offer them in a pro forma way. I will seek time limitations on certain amendments I have discussed with the proponents and the principal objectors. It should be possible to allow reasonable discussion of the major amendments.

So, I do plead with the Members to cooperate. I think it is in the interest of all of us that we finish this legislation by 7 o'clock. We have been on it now for a number of days at different times. We have been shunted aside for what appeared to be more urgent legislation.

Now, I think we do have the opportunity to finish up in a businesslike and restrained way.

I would also appeal to the Members not to call for record votes unless it seems really essential to do so.

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

Mr. BINGHAM. I yield to the gentleman from California, the ranking minority member on the subcommittee.

Mr. LAGOMARSINO. I thank the gentleman for yielding.

I want to join him in his plea to the committee. I think that we have done good work on the bill so far, and although there obviously should be time for a reasonable debate of the remaining amendments, some of which are very important, I think that we can finish by 7 o'clock if some restraint is used.

I commend the gentleman for his comments.

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

Mr. BINGHAM. I would be glad to yield to the gentleman from Connecticut.

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

Mr. MCKINNEY. I thank the gentleman for yielding.

I would just like to applaud the chairman for his remarks and state that I do not think in my entire history in this House of 9 years have I ever voted to restrain debate or time, but the chairman makes a very good argument.

This is an authorization about to expire.

Most of the issues we are going to discuss have been discussed at length many times and voted on many times. I would hope that the House would respect the chairman's hard work and effort and that we would try and get on with the business of the House and get this bill passed.

The CHAIRMAN pro tempore. Are there further amendments to section 104? If not, the Clerk will read section 105.

The Clerk read as follows:

SHORT SUPPLY LICENSE ALLOCATION

Sec. 105. Section 7 of the Export Administration Act of 1969, as redesignated by section 104(a) of this Act, is amended in subsection (b) by adding the following at the end of paragraph (1): "Such factors shall include the extent to which a country engages in equitable trade practices with respect to United States goods and treats the United States equitably in times of short supply."

The CHAIRMAN. Are there any amendments to section 105?

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the last word.

NAYS—71

Archers	Gooding	Paul
Ashbrook	Grisham	Pease
Bodham	Hansen	Petri
Bauman	Holt	Quillen
Broyhill	Hughes	Roth
Chaney	Ichord	Rudd
Collins, Tex.	Jeffries	Runnels
Courter	Jones, Okla.	Satterfield
Crane, Daniel	Kelly	Schroeder
Crane, Philip	Kindness	Sensenbrenner
Daniel, Dan	Kramer	Shumway
Daniel, E. W.	Lagomarsino	Solomon
Dannemeyer	Lungran	Spence
Dozier	McDonald	Stangeland
Darwincki	Maguire	Stockman
Davins	Martin	Stump
Dicks	Mattox	Symms
Downey	Miller, Ohio	Tauke
Edwards, Okla.	Moffett	Volkmer
Erdahl	Moore	Walker
Evans, Ind.	Moorhead,	Weaver
Fenwick	Call.	Whitehurst
Fontain	Mottl	Wirth
Gephardt	Pashayan	Wylie

NOT VOTING—28

Anderson, Ill.	Frenzel	Murphy, Ill.
Anthony	Gibbons	Pepper
Carter	Goldwater	Rose
Collins, Ill.	Hagedorn	Rosenthal
Conyers	Holland	Rousslot
Cornman	Hollenbeck	Stewart
DeLoach	Lench, La.	Trean
Evans, Ga.	Lott	Winn
Flood	Miller, Calif.	
Ford, Mich.	Mitchell, Md.	

□ 1430

The Clerk announced the following pairs:

Mr. Anthony with Mr. Rousslot.
 Mr. Ford of Michigan with Mr. Winn.
 Mr. Leach of Louisiana with Mr. Hollenbeck.
 Mr. Mitchell of Maryland with Mr. Lott.
 Mr. Murphy of Illinois with Mr. Goldwater.

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to save energy by reducing excess capacity in normal automobile travel. I support it.

Another important program is the 55-mile-per-hour enforcement effort.

The amendment proposed by the gentleman is also intended to address both energy conservation and safety. The amount of \$20 million may sound high but in fact it is not. The impact that this program intends to have is not measurable immediately but with proper enforcement this is a simple and effective energy conservation tool and we will be able to realize that this amount was worth its investment. The enforcement of the 55-mile-per-hour limit so far has proved to be a necessary and important program and I support it.

In relation to the amendments proposed by my colleague for the safer off-system roads, I am inclined to support it but I will prefer that the amount of money appropriated for it be at the level recommended by our colleague BILL ALEXANDER. That is, instead of appropriating \$40 million, we should appropriate \$120 million. This is a more realistic figure having in mind the importance of this program. I also believe that the intercity bus subsidy as well as the bus terminal programs should be funded at the levels that Mr. ALEXANDER has in mind. That is, \$15 million and \$20 million accordingly, not the \$10 and \$15 million that Mr. HOWARD believes should be appropriated.

I also support and endorse the amendments of Mr. HOWARD regarding the highway beautification program, the safety and information program, the innovative safety grants program and the transportation research centers.

These are all important programs and I do not believe that by appropriating the modest amounts recommended by Mr. HOWARD we will be helping to increase the rate inflation.

To conclude, I also support and endorse the mass transit capital and the mass transit operating assistance programs. The funding of these programs will be helpful in supplying the capital necessary for increased mass transit ridership and to offset the new demand for public transit ridership respectively.

All of the programs intended to be benefitted by Mr. HOWARD's amendments could be classified by some as desirable rather than essential. I am of the opinion that they are essential since they are all an integral part of our national effort to improve our transportation system.

I urge you to vote for it.

Mr. Chairman, I also rise in support of the amendments offered to H.R. 4440 by the gentleman from Arkansas to wit:

First, an increase to the intercity bus subsidy from the 0 the committee recommends to \$15 million;

Second, an increase to the bus terminal development program from the 0 the committee recommends to \$20 million; and

Third, to increase the funding for the safer off-system road program—better known as SOS—from the \$35 million, the committee recommends to \$120 million.

These amendments, as our colleague

states, undoubtedly attempt at least a redress of injustices proposed for those living in mid-sized cities, small towns and rural communities in countryside areas. These amendments, if adopted, would maintain the bill still below the President's budget request and the first concurrent resolution level for transportation.

In particular, I have a great concern and interest in the SOS program, which was designed to make existing mileage safer, not to expand the road system.

This program should be preserved and properly funded. Austerity, which is the prevailing mood in Congress and one of the concerns of the administration, has led us to believe that a reduction of expenditures and the elimination of some Federal programs is the best approach to solve the economic problems faced by this Nation. I do not have any objection to reductions or elimination of Federal programs where it becomes necessary. However, during the hearings held by the committee, considerable testimony was received on the importance of this particular program. There is a clear indication that the need for Federal assistance is present and necessary and that the SOS program should be preserved. When the committee says that \$35 million will enable the States to proceed with the most urgently needed high priority safety improvements of system roads in our Nation, it is saying that a drop in the bucket will fill it to the rim. We are talking of a program that provides assistance to three quarters of our Nation's highway network at a time when many safety improvements are urgently needed.

The amendments offered by Mr. ALEXANDER are realistic and meaningful. Local road safety is essentially a local responsibility. I am not quarreling with the fact nor saying that the Federal Government should assume the total responsibility for the safety of those roads. What I am saying is that we have a responsibility in giving meaningful assistance to the States in order to supplement their efforts in keeping their local roads safe which in last resort are the backbone of our main road system.

I urge you to support and vote for these amendments.

Thank you. ○

Mr. DUNCAN of Oregon. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. ROSTENKOWSKI) having assumed the chair, Mr. STUBBS, 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. 4440) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1980, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation

that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

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

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

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 335, nays 71, not voting 28, as follows:

[Roll No. 477]

YEAS—335

Abdnor	Chisholm	Glickman
Addabbo	Clausen	Gonzalez
Akaka	Clay	Gore
Albosta	Cleveland	Gradson
Alexander	Clinger	Gramm
Ambro	Coelho	Grassley
Anderson,	Coleman	Gray
Calif.	Conable	Green
Andrews, N.C.	Conte	Guarini
Andrews,	Corcoran	Gudger
N. Dak.	Cotter	Guyser
Annunzio	Coughlin	Hall, Ohio
Applegate	D'Amours	Hall, Tex.
Ashley	Danielson	Hamilton
Aspin	Daschle	Hammer-
Atkinson	Davis, Mich.	schmidt
AuCoin	Davis, S.C.	Hance
Bafalis	de la Garza	Hanley
Balley	Derrick	Harkin
Baldus	Dickinson	Harris
Barnard	Diggs	Harsha
Barnes	Dingell	Hawkins
Beard, R.I.	Dixon	Heckler
Beard, Tenn.	Dodd	Hefner
Bedell	Donnelly	Heftel
Bellenson	Dornan	Hightower
Benjamin	Dougherty	Hillis
Bennett	Drinan	Hinson
Bereuter	Duncan, Oreg.	Holtzman
Bethune	Duncan, Tenn.	Hopkins
Bevill	Early	Horton
Biaggi	Eckhardt	Howard
Bingham	Edgar	Hubbard
Blanchard	Edwards, Ala.	Huckaby
Boggs	Edwards, Calif.	Hutto
Boland	Emery	Hyde
Bolling	English	Ireland
Boner	Erlenborn	Jacobs
Bonior	Ertel	Jeffords
Bonker	Evans, Del.	Jenkins
Bouquard	Fary	Jenrette
Bowen	Fascell	Johnson, Calif.
Brademas	Fazio	Johnson, Colo.
Breaux	Ferraro	Jones, N.C.
Brinkley	Findley	Jones, Tenn.
Brodhead	Fish	Kastenmeier
Brooks	Fisher	Kazen
Broomfield	Fithian	Kemp
Brown, Calif.	Flippo	Kildee
Brown, Ohio	Florio	Kogovsek
Buchanan	Roley	Kostmayer
Burgener	Ford, Tenn.	LaFalce
Burison	Forsythe	Latta
Burton, John	Fowler	Leach, Iowa
Burton, Phillip	Frost	Leath, Tex.
Butler	Fuqua	Lederer
Byron	Garcla	Lee
Campbell	Gaydos	Lehman
Carney	Gialmo	Leland
Carr	Gilman	Lent
Cavanaugh	Gingrich	Levitas
Chappell	Ginn	Lewis

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

Mr. LAGOMARSINO. At this point I was going to offer two amendments, one providing for the Department of Commerce to establish its own time limits on consideration of license applications rather than retaining those suspense dates in the bill and the other to give Cocom the same flexibility in its consideration of license applications that Commerce has.

In the interest of time, I will not offer my two amendments, but I do wish to call to the attention of my colleagues my concern that in an effort to expedite the process we do not end up raising the hopes of business only to have them further frustrated when dealing with the actual implementation of this legislation. I believe the record should at least show that in such a complex and important issue as national security controls, allowance should be made for flexibility in dealing with both the concerns of those who wish to insure our national security and at the same time provide American business the opportunity to have more certainty brought to the export licensing process.

Perhaps some of my concerns can be taken care of in the conference committee.

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

Mr. LAGOMARSINO. I yield to the gentleman from New York.

Mr. BINGHAM. I thank the gentleman for yielding.

I want to thank the gentleman for his restraint, which I hope others will emulate in not offering their amendments.

I would like to say that as I have discussed with the gentleman, I do intend that at the appropriate time to propose an amendment to the effective date section of the statute to give the administration 9 months in which to get organized to put in effect the set of deadlines that we propose in the legislation. It is something that may take them some time. They are doing it administratively, but it does seem wise that they should not have the impact of the law for a few months until they can get organized to do it.

I will be proposing that amendment as we get to the end of the bill where we deal with the effective date of the law.

Mr. LAGOMARSINO. I certainly will support the gentleman's amendment when he offers it.

The CHAIRMAN pro tempore. Are there further amendments to section 105? If not, the Clerk will read section 106.

The Clerk read as follows:

MONITORING OF EXPORTS

SEC. 106. Section 7 of the Export Administration Act of 1969, as redesignated by section 104(a) of this Act, is amended by amending paragraph (1) of subsection (c) to read as follows:

"(c) (1) To effectuate the policy set forth in section 3(2) (C) of this Act, the Secretary shall monitor exports, and contracts for exports, of any good (other than a commodity which is subject to the reporting requirements of section 812 of the Agricultural Act of 1970) when the volume of such exports in

relation to domestic supply contributes, or may contribute, to an increase in domestic prices or a domestic shortage, and such price increase, or shortage has, or may have, a serious adverse impact on the economy or any sector thereof. Any such monitoring shall commence at a time adequate to assure that the monitoring will result in a data base sufficient to enable policies to be developed, in accordance with section 3(2) (C) of this Act, to mitigate a short supply situation or serious inflationary price rise or, if export controls are needed, to permit imposition of such controls in a timely manner. Information which the Secretary requires to be furnished in effecting such monitoring shall be confidential, except as provided in paragraph (2) of this subsection."

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that section 106 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Are there any amendments to section 106? If not, the Clerk will read section 107.

The Clerk read as follows:

DOMESTIC CRUDE OIL

SEC. 107. Subsection (1) of section 7 of the Export Administration Act of 1969, as such section is redesignated by section 104 (a) of this Act, is amended—

(1) in paragraph (1)—

(A) by striking out clause (A) and inserting in lieu thereof the following: "(A) is exported to the territory of an adjacent foreign state to be refined and consumed therein in exchange for the same quantity of crude oil being exported from that country to the United States, such exchange achieving, through convenience or increased efficiency of transportation, lower oil prices described in paragraph (2) (A) (ii) of this subsection for consumers in the United States, or"; and

(B) by striking out "during the 2-year period beginning on the date of enactment of this subsection"; and

(2) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) Crude oil subject to the prohibition contained in paragraph (1) may be exported only if—

"(A) the President makes and publishes express findings that exports of such crude oil, including exchanges—

"(i) will not diminish the total quantity or quality of petroleum refined within, stored within, or legally committed to be transported to and sold within the United States;

"(ii) will, within three months following the initiation of such exports or exchanges, result in (I) acquisition costs to the refineries which purchase the imported crude oil being lower than the acquisition costs such refineries would have to pay for the domestically produced oil which is exported, and (II) commensurately reduced wholesale and retail prices of products refined from such imported crude oil;

"(iii) will be made only pursuant to contracts which may be terminated if the crude oil supplies of the United States are interrupted, threatened, or diminished;

"(iv) are clearly necessary to protect the national interest; and

"(v) are in accordance with the provisions of this Act; and

"(B) the President reports such findings to the Congress and the Congress, within sixty days thereafter, passes a concurrent resolution approving such exports on the basis of the findings.

Findings of lower costs and prices described in subparagraph (A) (ii) should be audited and verified by the General Accounting Office at least semiannually.

"(3) Notwithstanding any other provision of this section and notwithstanding subsection (u) of section 28 of the Mineral Leasing Act of 1920, the President may export oil otherwise subject to this subsection to any nation pursuant to a bilateral international oil supply agreement entered into by the United States with such nation before May 1, 1979."

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that section 107 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

□ 1450

The CHAIRMAN. Are there amendments to section 107?

There being none, the Clerk will read section 108.

The Clerk read as follows:

UGANDA

SEC. 108. Section 7 of the Export Administration Act of 1969, as redesignated by section 104 of this Act, is amended by repealing subsection (m), as added by section 5(d) of the Act of October 10, 1978 (Public Law 95-435).

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to engage in a colloquy with the chairman of the subcommittee.

Mr. Chairman, the President in his energy speech, stated that when "this Nation critically needs a refinery * * * we will build it." On the west coast we critically need new refineries to process the heavy Alaskan crude oil now being shipped at high cost past California to the gulf coast for refining.

Because of the shortage of west coast refining capacity, I am particularly interested in assuring the prompt completion of a new 150,000-barrel-a-day refinery planned by the Alaska Petrochemical Co. (ALPETCO). This facility, to be located in Valdez, Alaska, at a cost of \$1.8 billion, will use the latest technology to produce a maximum amount of light petroleum products. This refinery will market 75,000 barrels of unleaded gasoline in California, along with jet and diesel fuels.

Like all priority energy products, this refinery is faced with burdensome Federal regulations, permits, licenses and other time-consuming requirements. One area of Federal control directly affecting this project is established by the legislation before us today. To maximize the production of gasoline and fuels, the ALPETCO refinery will produce a low-octane naphtha, which has no readily available or economically feasible domestic market. Under the provisions of this legislation, ALPETCO will require an export license to sell the naphtha abroad.

I worked with my colleagues to establish the intent that his legislation should not be interpreted by the Department of Commerce in a manner that could hinder prompt development of refineries. Spe-

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cifically, pursuant to section 3(3)(c) of the Export Administration Act Amendments of 1979, the Department should draft regulations to permit the export of petrochemical feedstocks when necessary to new refinery development, and when there is no available domestic market. Additionally, in the interest of providing greater certainty to project planners, the committee intends that the Department should take into account the need for prior commitments regarding export licenses.

I believe the action by the committee is clearly consistent with the thrust of the President's new energy initiatives, and will act to expedite the construction of new refineries.

I understand that the chairman, Mr. BINGHAM, agrees with this interpretation of section 3(3)(c), which is also set forth in the committee report.

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

Mr. LAGOMARSINO. I will yield to the gentleman.

Mr. BINGHAM. The gentleman is correct. The gentleman from California has accurately stated the committee's intent with regard to the export of petrochemical feedstocks.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman.

Mr. YOUNG of Alaska. I want to compliment the gentleman for his fine statement and the chairman for agreeing with the statement. It is of very vital importance to the State of Alaska that the ALPETCO project take place in Valdez.

There has been the possibility of an impediment because of the inability of getting an export license with naphtha when there is no market locally. I would hope that the committee is not being misled by the Department in any way, shape or form and further down the road we find that there is still a delaying factor present. But I would say if the intent of the gentleman and the report are followed, I am sure that the project will get on its way. I again want to compliment the gentleman.

Mr. LAGOMARSINO. And I want to compliment the gentleman from Alaska. His leadership in this matter has been very helpful; if we can build this refinery it will produce needed gasoline particularly unleaded gasoline, for the west coast, it will also, of course, reduce the necessity of shipping Alaskan oil to other countries to the extent that it can be refined in our own country in the State of Alaska.

The CHAIRMAN. Are there further amendments to section 108?

There being none, the Clerk will read section 109.

The Clerk read as follows:

BARTER AGREEMENTS

Sec. 109. Section 7 of the Export Administration Act of 1969, as redesignated by section 104 of this Act, is amended by adding at the end thereof the following new subsection:

"(n)(1) The exportation pursuant to a barter agreement of any goods which may lawfully be exported from the United States, for any goods which may lawfully be imported into the United States, may be ex-

empted, in accordance with paragraph (2) of this subsection, from any quantitative limitation on exports (other than any reporting requirement) imposed to carry out the policy set forth in section (3)(2)(C) of this Act, or imposed by the President under the International Emergency Economic Powers Act (50 U.S.C. App. 1701 et seq.) on account of a threat to the economy of the United States.

"(2) The Secretary shall grant an exemption under paragraph (1) if the Secretary finds, after consultation with the head of any appropriate agency of the United States, that—

"(A) for the period during which the barter agreement is to be performed—

"(i) the average annual quantity of the goods to be exported pursuant to the barter agreement will not be required to satisfy the average amount of such goods estimated to be required annually by the domestic economy and will be surplus thereto; and

"(ii) the average annual quantity of the goods to be imported will be less than the average amount of such goods estimated to be required annually to supplement domestic production; and

"(B) the parties to such barter agreement have demonstrated adequately that they intend, and have the capacity, to perform such barter agreement.

"(3) For purposes of this subsection, the term 'barter agreement' means any agreement which is made for the exchange, without monetary consideration, of any goods produced in the United States for any goods produced outside of the United States.

"(4) This subsection shall apply only with respect to barter agreements entered into after the effective date of the Export Administration Act Amendments of 1979."

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that the section be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: Page 44, insert the following section after line 2 and redesignate subsequent sections accordingly:

PETITIONS FOR MONITORING OR CONTROLS

Sec. 109. Section 7 of the Export Administration Act of 1969, as redesignated by section 104(a) of this Act, is amended by striking out subsection (d) and inserting in lieu thereof the following:

"(d)(1)(A) Any entity, including a trade association, firm, or certified or recognized union or group of workers, which is representative of an industry or a substantial segment of an industry which processes metallic materials capable of being recycled with respect to which a serious inflationary impact resulting from an increase in domestic prices or a domestic shortage, either of which results from increased exports, has or may have a significant adverse effect on the national economy or any sector thereof, may transmit a written petition to the Secretary requesting the monitoring of exports, or the imposition of export controls, or both, with respect to such material, in order to carry out the policy set forth in section 3(2)(C) of this Act.

"(B) Each petition shall be in such form as the Secretary shall prescribe and shall contain information in support of the action requested. The petition shall include any information reasonably available to the peti-

tioner indicating (1) that there has been a significant increase, in relation to a specific period of time, in exports of such material in relation to domestic supply and (2) that there has been a serious inflationary impact resulting from a significant increase in the price of such material which may be related to exports.

"(2) Within fifteen days after receipt of any petition described in paragraph (1), the Secretary shall publish a notice in the Federal Register. The notice shall (A) include the name of the material which is the subject of the petition, (B) include the Schedule B number of the material as set forth in the Statistical Classification of Domestic and Foreign Commodities Exported from the United States, (C) indicate whether the petitioner is requesting that controls or monitoring, or both, be imposed with respect to the exportation of such material, and (D) provide that interested persons shall have a period of thirty days commencing with the date of publication of such notice to submit to the Secretary written data, views, or arguments, with or without opportunity for oral presentation, with respect to the matter involved. At the request of the petitioner or any other described in paragraph (1)(A) with respect to the material which is the subject of the petition, or at the request of any entity representative of producers or exporters of such material, the Secretary shall conduct public hearings with respect to the subject of the petition, in which event the thirty-day period may be extended to forty-five days.

"(3) Within forty-five days after the end of the thirty or forty-five-day period described in paragraph (2), as the case may be, or within seventy-five days after the publication in the Federal Register, pursuant to paragraph (2), whichever occurs later, the Secretary shall—

"(A) determine whether to impose monitoring or controls, or both, on the exportation of such material, in order to carry out the policy set forth in section 3(2)(C) of this Act; and

"(B) publish in the Federal Register a detailed statement of the reasons for such determination.

"(4) Within fifteen days after making a determination under paragraph (3) to impose monitoring or controls on the exportation of a material, the Secretary shall publish in the Federal Register proposed regulations with respect to such monitoring or controls. Within thirty days following the publication of such proposed regulations, and after considering any public comments, the Secretary shall publish and implement final regulations.

"(5) For purposes of publishing notices in the Federal Register and scheduling public hearings, the Secretary may consolidate petitions, and responses thereto, which involve the same or related materials.

"(6) If a petition has been fully considered within the past six months under this section and a notice has been published with respect to a particular material or group of materials and in the absence of significantly changed circumstances, the Secretary shall have authority to determine that the petition for monitoring or control of such material does not merit the full consideration mandated under this section.

"(7) The procedures and time limits set forth in this subsection with respect to a petition filed under this subsection shall take precedence over any review undertaken at the initiative of the Secretary with respect to the same subject as that of the petition.

"(8) The Secretary may impose monitoring or controls on a temporary basis after a petition is filed under paragraph (1)(A) but before the Secretary makes a determination under paragraph (3) if the Secretary considers such action to be necessary to carry out

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the policy set forth in section 3(2)(C) of this Act.

"(9) The authority under this section shall not be construed to affect the authority of the Secretary under the other provision of this Act."

"(10) Nothing contained in this section shall be construed to preclude submission on a confidential basis to the Secretary of Commerce of information relevant to a decision to impose or remove monitoring or controls under the authority of this Act, nor consideration of such information by the Secretary in reaching decisions required under this section. The provisions of this subsection are not intended to change the applicability of section 552(b) of title 5, United States Code."

Page 58, line 23, strike out "(d)".

Page 58, line 24, strike out "(d)," after "(c)".

Page 59, line 3, strike out "and (h)" and insert in lieu thereof "(h), and (i)".

Mr. FINDLEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FINDLEY. Mr. Chairman, the amendment Mr. ZABLOCKI and I are offering to the Export Administration Act is nothing more than a "sunshine amendment." It sets up a procedure to allow users of recyclable metals to petition the Commerce Department for a hearing at which the users could present evidence of the need for relief under the law. This is not a protectionist amendment. It does not impose or call for export controls. It simply gives those who are hurting assurance that they can make their case in a formal hearing—something they are currently denied.

My amendment is much more limited than the "Buchanan amendment." The procedures in my amendment are more tightly drawn, and I have limited its scope to metallic materials capable of being recycled. The reason I have limited the scope of my amendment is that a number of groups, including producers of agricultural products, have expressed concern about the impact of the Buchanan amendment on their ability to export their products.

Here is how my amendment works: It adds a new section to the Export Administration Act permitting persons, companies, trade associations, or unions, representing a substantial segment of an industry, to file a written petition with the Secretary of Commerce requesting monitoring of exports or controls. The petition must show that, as a result of increased exports of recyclable metals, their industry is confronted with either a shortage or a serious inflationary impact resulting from an increase in the prices they must pay for the metal they use.

Within 15 days of receiving a petition, the Secretary of Commerce must publish a notice in the Federal Register. Within the next 45 days, hearings must be held if requested, and written submissions may be provided.

With the next 30 days, the Secretary of Commerce must decide whether to grant the relief requested and publish

the decision in the Federal Register along with the reasons for the decision. That is all the amendment does. It brings the decisionmaking process out into the open from behind the closed doors of the Secretary of Commerce. These provisions are purely procedural in nature. They do not make any substantive changes in the Export Administration Act. They do, however, permit persons representing an industry seeking monitoring or export controls to be assured their request will be dealt with in an open, timely manner, rather than behind closed doors.

As the Export Administration Act now stands, the Commerce Department is not required to make a decision within any particular period of time, nor is it required to give its reasons for a favorable or unfavorable decision. It is not required to permit either proponents or opponents of a petition to argue their case in a public proceeding.

This amendment does not prejudice the outcome of petitions for monitoring of export controls. It simply brings the decisionmaking process into the sunshine, and assures that decisions will be made in a timely fashion. It does not add a significant new administrative burden to the Department of Commerce.

In summary:

First. This amendment is a "sunshine" provision—it brings the Government decisionmaking process into the open.

Second. It is procedural in nature—it does not prejudice or influence the ultimate decision.

Those who were concerned about the broad scope of the Buchanan amendment should support this very limited amendment, because it applies only to metallic materials capable of being recycled.

□ 1500

Mr. ZABLOCKI. Mr. Chairman, I rise in support of the amendment.

This is basically a procedural amendment, aimed at insuring that petitions for monitoring or for export controls receive full consideration.

This amendment is a sunshine-in-Government amendment. It provides that both the proponents and opponents of monitoring or export controls receive a full and fair hearing in the time of high prices/short supply of a particular metallic mineral that can be used as scrap.

The current version of the amendment is an improvement on earlier versions in that it would permit the Secretary of Commerce to consolidate petitions and to determine that, once full consideration had been given to a case and market circumstances had not changed, subsequent petitions would not go through the hearing process—this should avoid any abuse of the process. It also clearly specifies that the increase in prices or the shortage must result from exports, not from increased domestic buying.

Another improvement in the amendment is that it clearly permits the submission of information regarding a petition on a confidential basis. This is intended to avoid forcing companies to provide information publicly which could place them at a competitive disadvantage

with respect to their competition, particularly foreign competition.

Mr. Chairman, I am opposed in principle to the use of export controls, and I would hope that the procedures provided for in this amendment would not have to be used. However, there may be a few instances in which export controls or monitoring have to be resorted to in order to protect the economy from disruptive foreign buying. Therefore, we must insure that there is an open and fair process to permit the full consideration of any such actions.

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

Mr. ZABLOCKI. I am delighted to yield to the gentleman from Illinois.

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

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in support of the amendment of the gentleman from Illinois (Mr. FINDLEY). This amendment has been narrowed in scope from the original amendment of the gentleman from Alabama (Mr. BUCHANAN) so that the procedural provisions apply only to metallic materials capable of being recycled.

I support this amendment for the following reasons:

First. These procedural changes are good Government, sunshine act type provisions.

Second. The amendment has been narrowed in scope to cover only those types of products which have most frequently been the subject of Commerce Department consideration under the short supply provisions of the Export Administration Act.

Third. This amendment will assure that both sides of the issue will have an equal opportunity to present their cases to the Commerce Department, and to get a competent decision from the Commerce Department.

I urge my colleagues to join me in supporting the Findley amendment.

Mr. PEASE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

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

Mr. PEASE. Mr. Chairman, there are no two members of the Foreign Affairs Committee for whom I have greater respect and affection than my chairman, Mr. ZABLOCKI, and my good friend, PAUL FINDLEY, from Illinois. However, I do oppose this amendment.

This amendment is generated by the steel industry. It was generated because of a surge in prices, in recent months, of scrap metal; and because a lot of scrap metal was being exported overseas. Quite naturally, the companies in the United States which have use for scrap metal did not like the fact that they were going to have to pay more for scrap metal, and they came in seeking relief.

An amendment similar to this was offered in subcommittee. It was defeated. Essentially, the purpose of this, although it is not strictly spelled out, is to restrict the exportation of scrap metal. The

philosophy of this bill is to encourage exports, not to limit exports. I think we would be ill advised to adopt this amendment.

This amendment seeks to ameliorate inflation, high prices, of scrap metal. In fact, it might have exactly the opposite effect. It would set in place a procedure which would require hearings and a determination by the Secretary of Commerce which could have quite the opposite effect from that which is sought by the authors of the amendment. It has the potential for creating chaos in the commodities market because of the intense speculative activity which would likely accompany the filing of petitions for monitoring or controlling particular commodities. Also, because those who anticipate the advent of controls as a result of a petition under this amendment may step up exports, thus exacerbating a tight supply situation; because those who gamble that there will be no controls will likely withhold supplies from the market in anticipation of rising prices, thus making such price increases even more likely.

In sum, the proposed petitioning procedure will likely lead to the very situation we are trying to avoid, a surge in prices, exports, or both. In the meantime, we will have adopted an amendment for one industry which goes counter to the philosophy of this bill.

We do not need this amendment. While the petitioning procedure seems innocuous enough in this particular case, what is to set this industry aside from any one of a hundred other industries which may also be concerned about short supply situations and about high prices, and where the members of that industry prefer not to pay the higher prices?

We had no testimony in our committee that U.S. users could not get scrap metal. What they objected to was paying the going market price in the world. I think that that is not an adequate excuse for us to add restrictive language to the export administration bill, whose purpose is to encourage exportation.

I urge the defeat of the amendment.

□ 1510

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

Mr. PEASE. I will be happy to yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman very much for yielding. I am sure he is aware that the Senate version of this legislation has language in it much more encompassing than the amendment that I have offered, and it is my hope that when we go to conference the final product on this question will be very tightly written. One reason that I welcome the opportunity to offer this amendment is to set a guide which I hope the conferees on both sides of the Capitol will take note of, because I would not wish this to be expanded to include agricultural commodities. I am sure the gentleman would agree with me on this. It is tightly restricted to metallic metals that can be recycled.

I thank the gentleman for yielding.

Mr. PEASE. I thank the gentleman for

his contribution. If I might just for a moment comment on that.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. PEASE was allowed to proceed for 2 additional minutes.)

Mr. PEASE. I was saying it would be preferable, I think, and more desirable to have no amendment at all on this side so that the conference committee has a choice between no amendment and a modification along the lines of what the gentleman has offered. I think we would be still well advised not to adopt this amendment.

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

Mr. PEASE. I am glad to yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding. I am somewhat concerned about this amendment because I share the concern of the gentleman in the well about the precedent for this. On the other hand, I am at least happy, if I can emphasize the minimal pleasure, that the amendment has been very narrowly drafted, and while I would hope, along with the gentleman from Ohio (Mr. PEASE), that the amendment is not agreed to, if it is agreed to I would certainly encourage the conferees to follow the suggestion of the gentleman from Illinois that this amendment with its more restrictive focus be substituted for the much less desirable amendment that was added in the legislation in the other body. So as a principle and as a precedent, I join in opposing this legislation, but should it pass, I would hope that it could at least do the service of substituting for the restrictive amendment that the other body has.

Mr. PEASE. I appreciate the gentleman's contribution. However, it is a weak argument to say let us vote for an amendment because it is a less restrictive amendment than some other amendment. The best solution for an amendment that is a less restrictive amendment is to vote it down.

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the requisite number of words.

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

Mr. LAGOMARSINO. Mr. Chairman, I rise in opposition to this amendment. I do so with a great deal of reluctance because of my great respect and admiration for the sponsors of the amendment, the gentleman from Illinois (Mr. FINDLEY) the gentleman from Alabama (Mr. BUCHANAN) and, of course, the chairman of the full committee, my good friend, the gentleman from Wisconsin (Mr. ZABLOCKI). But I think that this amendment if adopted would allow narrow-interest groups to require repeated public hearings on export controls on virtually every recycled metallic product where demand is strong, and publicity from such hearings would create short-supply situations where none exist presently. It would create an uncertainty regarding U.S. commitment to continue exports of a commodity subject to such

hearings and, thus, limit our ability to enlarge and enhance foreign markets.

The language in the bill reflects my amendment accepted in subcommittee providing that monitoring of exports shall commence early enough to assure that there is adequate information to determine whether export controls are needed for short-supply purposes.

I think we should at least try that approach before we go to this dangerous proposal.

The amendment is really aimed at advancing the interests of the iron and steel producers who want to see export controls placed on ferrous scrap. Ferrous scrap prices fell after the announcement that controls would not be placed on scrap exports and have remained stable since that decision made last March.

As a matter of fact, the price has gone down from \$129 per ton in March to \$92 per ton.

The ferrous scrap market is governed solely by supply and demand. Scrap is bought on a 30-day basis at prices set by consumers. When demand increases, price increases are necessary to induce scrap collectors, not processors, to seek out the necessary obsolete scrap to meet demand.

Wide fluctuations in scrap prices could be significantly reduced through long-term buying practices by the steel industry.

The scrap export market developed because U.S. consumers did not purchase the scrap processed by U.S. processors. Export sales are more expensive and pose greater risks for scrap processors than do domestic sales but are the only alternative when domestic markets do not absorb supplies. Export controls pose a danger of destroying foreign markets.

Since the price of scrap fluctuates up and down, but finished steel prices show only an upward movement, scrap iron prices have little or no inflationary impact on the price of steel. Iron and steel scrap are not in short supply. Present estimates fix the existing supply at levels of meeting foreign and domestic demand for 15 years without even considering the huge volume of new scrap that will be generated during this period.

The United States is not the only country exporting scrap. Others include West Germany, France, Great Britain, Holland, Sweden, Australia, Yugoslavia, East Germany, and Canada, among others. The EEC countries abolished controls in 1977.

The 1977 conference report on the Export Administration Act stated, and I quote:

The conference committee recognized that formal monitoring can have a disruptive effect on the market because it can lead to excess ordering abroad in anticipation of controls, resulting in export restrictions which would not have been imposed but for monitoring.

The dispute is not a matter of Commerce not having sufficient information; it is a difference of opinion between Commerce and the steel industry as to what that information means.

I have a chart at the desk that shows ferrous scrap sales and domestic prices

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reached their peak earlier in the 1970's during the precise period in which export controls were placed on ferrous scrap.

The decline in ferrous scrap prices at the end of 1974, at the end of the period of export controls on ferrous scrap, represents the decline in the U.S. economy in 1974 and 1975.

There was a weakening demand for steel and, thus, there was reduced demand for scrap.

Mr. Chairman, I think that we should vote down this amendment. I would agree with the gentleman from Illinois (Mr. FINDLEY) that the amendment is better than the amendment adopted in the Senate, but I think we would be in a stronger position to come up with a reasonable solution to this problem if we defeated this amendment rather than if we go part way and the Senate has gone the rest of the way. I ask my colleagues to defeat the amendment.

Mr. BINGHAM. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think the members of the committee are entitled to know a few things in the way of history of this amendment, and also the administration's position. This amendment was originally offered in the broad form in subcommittee by the gentleman from Illinois (Mr. FINDLEY) that is to say, without restriction as to commodity. It is restricted to metals in its present form. The amendment at that time received my support and that of one or two other members of the subcommittee, but it was defeated in the subcommittee and it was not reoffered in the full committee. So the bill that emerged from the full committee did not contain that provision.

As far as this more limited form of the amendment is concerned, I think it is fair to say that the committee did not have it presented to it and, therefore, the committee has no position on it as such. The administration, however, has communicated its opposition to the proposal. It is very brief. The administration opposes the proposal, saying it has the potential for creating chaos in the scrap market and exacerbating the very problem that the amendment seeks to correct.

□ 1520

Mr. BUCHANAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise reluctantly to oppose the position of my distinguished friends from California and Ohio who very eloquently spoke on the wrong side of this issue and to enthusiastically speak for the Findley-Zablocki amendment.

Let me first underline this is not the same amendment, as the chairman of the subcommittee had said, which was offered in subcommittee by the gentleman from Illinois. It is not the same amendment which I had been prepared to offer and which is printed in the Record under my name to be offered to this legislation.

Mr. Chairman, I had worked rather carefully to make sure those groups who expressed great concern, but who were not intended to be covered, were excluded under my more general language. That

amendment did not include any agricultural group, it did not include manufactured materials, and that amendment was not nearly as broad as it was purported to be by some of the information that circulated throughout this Chamber.

Regrettably, the Buchanan sunshine amendment has been widely misunderstood. A number of organizations and groups representing producers of agricultural commodities, coal, finished lumber, manufactured goods, and other materials have perceived the amendment as directly threatening their ability to export. In all candor, I believe that such fears are unfounded and are based, in large part, on misinformation which has been circulated regarding the amendment. Nevertheless, such apprehensions do exist—however groundless—and opposition to the Buchanan amendment is substantial. Therefore, although I continue to believe that the institution of a formal procedure within the Department of Commerce for consideration of such cases is warranted, I will not offer the amendment.

The Findley amendment goes from the general language of the Senate bill, the general language of the other amendment the gentleman offered in subcommittee and my general language, to single out, recyclable metallic materials, and therefore cannot include any agricultural product or any of the other products for export, so important to our country.

Mr. Chairman, it was never my intention to discourage exports. We rely upon them. Certainly not agricultural exports. Yet, I will say to my friend from Ohio, we do have a problem in the steel industry. Ferrous scrap is of vital importance to many foundries, to many steel producers that are themselves of vital importance to our economy, to our security. Having a certain supply of ferrous scrap at some rational price is important to many steelworkers, to many steel companies and to many communities whose lives and economies rely upon those industries.

Recyclable metallic materials are frequently the object of concern regarding export controls. For example, extremely high export levels of ferrous—iron and steel—scrap and resulting rapid price increases in this commodity have raised a great deal of controversy over whether the Department of Commerce should institute export controls under the short supply provisions of the Export Administration Act.

Ferrous scrap is one of the basic ingredients used in steelmaking. Over 75 percent of the country's steel producers operate solely with electric furnaces which rely almost exclusively on scrap as a raw material. Major integrated steel producers also consume large tonnages of ferrous scrap.

The portion of the steel industry which has grown up around the conversion of scrap iron to finished steel products offers our country a number of attractive opportunities. The use of scrap iron in the making of steel offers significant energy savings and results in virtually no pollution at the manufacturing site—through the elimination of coking fa-

cilities. In addition, small electric steel furnaces for the manufacture of steel can be constructed fairly rapidly and at modest costs. Therefore, such facilities can significantly increase our Nation's planning flexibility in periods where future demand for steel is uncertain.

Unfortunately, during peak periods of steel production, the United States cannot fully meet both domestic and foreign needs for ferrous scrap without shortages or drastic, inflationary price increases in the scrap market. For these reasons, ferrous scrap exports will continue to be a matter of controversy.

Mr. Chairman, this amendment does not assure any end result in the case of ferrous scrap or any other material covered. It only guarantees orderly procedures. It only makes mandatory that the Department of Commerce at least look at the problems when problems are presented, that the Department of Commerce act in the sunshine, not behind closed doors, and that those who feel that a substantial portion of the economy of this country is substantially injured by an export activity of this limited category of exports are guaranteed a day in court so that, in the sunshine, a decision can be made that may go for them or may go against them.

Mr. Chairman, this amendment precisely does not curtail exports, even in that limited category of materials that are covered, but it may be something that helps steelworkers to save their jobs.

Mr. Chairman, I want to say something: When the farmers in this country need help, people like my steelworker constituents have been among those in the forefront saying, "Yes, we should help, even though this is not in our particular interest."

Mr. Chairman, this amendment can protect the livelihood of steelworkers, and when they need help they ought not to be opposed for extraneous reasons by a group not covered by this narrow amendment.

Mr. Chairman, this is something that guarantees better government, better administration, and government in the sunshine. It can help protect the livelihood of some Americans and at least make sure that government looks at problems that can be of vital importance to our economy, to our security and, yes, to at least one industry that is of vital importance to our Nation.

Mr. Chairman, I urge the passage of this limited, good government, government in the sunshine amendment and yield back the balance of my time.

Mr. BONER of Tennessee. Mr. Chairman, the U.S. Department of Commerce, following a complete analysis of the steel industry request, announced on March 2, 1979 that no action to restrict or control exports of ferrous scrap was warranted.

Frank A. Weil, the then Assistant Secretary of Commerce for Industry and Trade, said that—

Recent increases in scrap prices are not unusual in view of current market and seasonal factors and are not expected to continue.

He pointed out that—

The Council on Wage and Price Stability has advised the Department that recent ferrous scrap prices should not have an undue adverse impact on the President's anti-inflation program.

In his statement, Mr. Weil went on to say that—

The ferrous scrap market is a typically volatile industry, showing rapid fluctuations both up and down as a result of short term market factors, and that experience has shown that price swings tend to work themselves out and return to normal within relatively brief periods.

He was right. Scrap prices are down significantly and many mills are either not buying or buying at greatly reduced levels.

Although rebuffed by the Commerce Department, the steel and foundry industries moved their cause up Pennsylvania Avenue to the Congress, where, in hearings being conducted by the House and Senate on the extension of the Export Administration Act, they sharply criticized the administration's failure to take action on their behalf.

Now using the congressional process as their forum, some scrap consumers are urging the Nation's lawmakers to bypass the Government department which administers the law and to pass a new law that would restrict scrap exports.

They urge modification of the act to make it easier for them to have export monitoring and controls initiated through the Commerce Department. Monitoring is a first step toward controls. Monitoring can create a self-fulfilling prophecy.

In testimony before the House Subcommittee on International Economic Policy and Trade, a charge was made that U.S. steel mills and foundries are attempting to use Federal export control laws to set the domestic price of iron and steel scrap. They were alleged to be seeking amendments to the Export Administration Act designed to subsidize those industries. That subsidization would take place at the expense of exports of ferrous scrap and would harm the U.S. balance-of-payments position. Since the steel and foundry industries are precluded by law from fixing the price of scrap, they were charged with asking the Government to do this for them. These industries are asking for the same type of special consideration that they accuse foreign governments of giving to foreign steel mills. Some of these same American steel mills have been recently involved in a price-fixing scheme on reinforcing bars and steel sheets.

The Department of Commerce had previously said that they have the data a formal proceeding would yield. The steel and foundry industries' real objection is not that the Department has insufficient data, but rather that these industries disagree with the Department's interpretation of that data. They are not worried about supply. They are trying to use monitoring and subsequently controls as a price-fixing scheme.

Was or is the price of ferrous scrap too high? Do high prices for ferrous scrap indicate that a shortage exists? Are scrap exports hurting the domestic

economy? Would a restriction on scrap exports help reduce inflation?

The first question may be best answered by Mr. R. W. Deckmann, a United States Steel Corp. research consultant. In a presentation to the Electric Furnace Congress in December 1978 describing a ferrous scrap model developed for United States Steel, he pointed out that when adjusted for inflation, 1974 scrap prices were not unusually high but merely a return to the price levels of the 1955-56 period. The price of scrap in 1979 has not reached the level of 5 years ago, and the United States has certainly experienced a high degree of inflation in that 5-year period. In constant dollars, the price of scrap in 1979 is less than the \$440 to \$50 price levels of 23 years ago.

There is no question that the mainstream of thinking is that the expansion of export trade is critical to the United States. With an extremely parochial view, wanting to increase their profits at the expense of the scrap industry and the Nation, steel mills and foundries are urging this change in the proposed Export Administration Act.

With the recognized need to increase exports as one important method to improve the U.S. economy, and given the huge surplus of scrap which is going unused in this country, there are significant economic and environmental benefits to maintaining free trade in iron and steel scrap.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY).

The question was taken and on a division (demanded by Mr. FINDLEY) there were—ayes 18, noes 11.

RECORDED VOTE

Mr. LAGOMARSINO. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 238, noes 165, answered "present" 1, not voting 30, as follows:

[Roll No. 478]
AYES—238

Albosta	Carney	Fenwick
Alexander	Chappell	Findley
Annunzio	Cleveland	Fish
Applegate	Clinger	Fithian
Archer	Conyers	Filippo
Ashbrook	Corcoran	Fowler
Atkinson	Cotter	Fuqua
Badham	Coughlin	Gaydos
Bafalis	D'Amours	Gephardt
Bailey	Daniel, Dan	Gialmo
Bauman	Daniel, R. W.	Gilman
Beard, R.I.	Danielson	Gingrich
Benjamin	Davis, Mich.	Gonzalez
Bennett	Davis, S.C.	Goodling
Bereuter	Deckard	Gradison
Bethune	Derrick	Grisham
Bevill	Derwinski	Guarini
Biaggi	Devine	Guyer
Bingham	Dickinson	Hall, Tex.
Blanchard	Dodd	Hamilton
Boland	Donnelly	Hammer-
Bolling	Dougherty	schmidt
Bonior	Drinan	Hanley
Bonker	Duncan, Tenn.	Hansen
Bouquard	Early	Harris
Brodhead	Edwards, Ala.	Hawkins
Brooks	Emery	Heckler
Broomfield	Erdahl	Hefter
Brown, Calif.	Erlenborn	Hillis
Brown, Ohio	Ertel	Holland
Buchanan	Evans, Del.	Holt
Butler	Evans, Ga.	Holtzman
Byron	Evans, Ind.	Hopkins
Campbell	Fary	Horton

Hubbard	Moorhead, Pa.	Sensenbrenner
Hutto	Mottl	Shannon
Hyde	Murphy, N.Y.	Sharp
Jacobs	Murphy, Pa.	Shelby
Jeffries	Myers, Ind.	Shuster
Jenkins	Myers, Pa.	Simon
Jenrette	Natcher	Slack
Johnson, Colo.	Nedzi	Snowe
Kastenmeier	Nelson	Snyder
Kildee	Nichols	Solomon
Kindness	Nolan	Spence
Kogovsek	Nowak	St Germain
Kostmayer	O'Brien	Stack
LaFalce	Oakar	Staggers
Latta	Oberstar	Stanton
Lederer	Obey	Stewart
Lee	Ottinger	Stratton
Lent	Pashayan	Studds
Livingston	Perkins	Taylor
Lloyd	Price	Thompson
Loeffler	Pritchard	Traxler
Luken	Pursell	Trible
Lundine	Quayle	Udall
McKay	Quillen	Vanik
McKinney	Rahall	Walgren
Madigan	Rallsback	Walker
Marks	Rangel	Wampler
Marriott	Ratchford	Weaver
Martin	Regula	Weiss
Mathis	Reuss	White
McCloskey	Rhodes	Whitehurst
McDade	Richmond	Whittaker
McEwen	Rinaldo	Whitten
Mavroules	Ritter	Williams, Ohio
Mazzoli	Robinson	Wilson, Bob
Mica	Rodino	Wolf
Michel	Rostenkowski	Wright
Mikulski	Roth	Wyder
Mikva	Runnels	Wyllie
Miller, Calif.	Santini	Yatron
Miller, Ohio	Satterfield	Young, Alaska
Minish	Schroeder	Young, Fla.
Mitchell, N.Y.	Schulze	Young, Mo.
Moakley	Sebelius	Zablocki
Moffett	Seiberling	Zerfetti
Mollohan		

NOES—165

Abdnor	Fisher	Mattox
Akaka	Florio	Mineta
Ambro	Foley	Mitchell, Md.
Anderson, Calif.	Ford, Tenn.	Montgomery
Andrews, N.C.	Forsythe	Moore
Andrews, N. Dak.	Fountain	Moorhead, Calif.
Ashley	Frost	Murtha
Aspin	Garcia	Neal
AuCoin	Gibbons	Panetta
Baldus	Ginn	Patten
Barnard	Goldwater	Patterson
Barnes	Gore	Paul
Beard, Tenn.	Gramm	Pease
Bedell	Grassley	Petri
Bellenson	Gray	Peyster
Boggs	Green	Pickle
Boner	Gudger	Preyer
Bowen	Hall, Ohio	Roberts
Brademas	Hance	Roe
Breaux	Harkin	Roybal
Brinkley	Harsha	Royer
Burgener	Hefner	Rudd
Burlison	Hightower	Sabo
Burton, John	Hinson	Sawyer
Burton, Phillip	Howard	Scheuer
Carr	Huckaby	Shumway
Cavanaugh	Hughes	Skelton
Cheney	Ireland	Smith, Iowa
Chisholm	Jeffords	Smith, Nebr.
Clausen	Johnson, Calif.	Solarz
Clay	Jones, N.C.	Spellman
Coelho	Jones, Okla.	Stangeland
Collins, Ill.	Jones, Tenn.	Stark
Collins, Tex.	Kazen	Steed
Conable	Kelly	Stenholm
Conte	Kemp	Stockman
Crane, Daniel	Kramer	Stokes
Crane, Phillip	Lagomarsino	Stump
Dannemeyer	Leach, Iowa	Swift
Daschle	Leath, Tex.	Symms
de la Garza	Lehman	Synar
Dellums	Leland	Tauke
Dicks	Levitas	Thomas
Dixon	Lewis	Van Deerlin
Dornan	Long, La.	Vander Jagt
Duncan, Oreg.	Long, Md.	Vento
Eckhardt	Lowry	Volkmer
Edgar	Lungren	Watkins
Edwards, Calif.	McClory	Whitley
Edwards, Okla.	McCormack	Williams, Mont.
English	McDonald	Wilson, Tex.
Fascell	McHugh	Wirth
Fazio	Maguire	Wolpe
Ferraro	Markey	Wyatt
	Marlenee	Yates
	Matsui	

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ANSWERED "PRESENT"—1

Glickman

NOT VOTING—30

Addabbo	Downey	Murphy, III.
Anderson, III.	Flood	Pepper
Anthony	Ford, Mich.	Rose
Broyhill	Frenzel	Rosenthal
Carter	Hagedorn	Rousselot
Coleman	Hollenbeck	Treen
Corman	Ichord	Ullman
Courter	Leach, La.	Waxman
Diggs	Lott	Wilson, C. H.
Dingell	Lujan	Winn

□ 1540

Messrs. ABDNOR, SHUMWAY, McCORMACK, McCLORY, CLAUSEN, COLLINS of Texas, and LONG of Maryland, and Mrs. SPELLMAN changed their votes from "aye" to "no."

Mr. BONIOR of Michigan, Mrs. HOLT, and Messrs. LEE, GILMAN, MOORHEAD, of Pennsylvania, MICA, HANLEY, and HORTON changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. ALEXANDER. Mr. Chairman, I move to strike the last word.

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

Mr. ALEXANDER. Mr. Chairman, I rise in support of H.R. 4034, the Export Administration Act Amendments of 1979. This bill is a necessary first step in allowing Congress a role in developing a national export strategy.

The number of export license applications is growing out of control. The Department of Commerce expects to receive some 80,000 applications this year. Of that number more than 99 percent will be approved. The bill eliminates the massive amount of paperwork needed for most of the applications. The bill creates a new kind of license, called a qualified general license, under which multiple exports could be made of items which precedent shown are routinely approved anyway.

This feature of the bill should significantly cut down on the amount of paperwork. Second, under the term of the act, applications must be approved and disapproved within 90 days of submission. Last year some 2,000 applications required over 90 days to process and some took over a year. These administrative delays are costing American exporters money, reliability and dependability. It is also driving up inflation, costing U.S. jobs, and creating a trade deficit that is growing worse by the quarter.

Third, the United States continues to control exports that other countries do not control. The Soviet Union, PRC, and other countries simply turn to the West Germans or Japanese when they cannot secure a product from the United States. H.R. 4043 strongly suggests that the United States remove export controls when foreign availability is established.

The use of export controls for foreign policy purposes is accelerating at an alarming rate. The use of such controls has not proven to be an effective deterrent on the whole and merely serves to weaken the U.S. trade position.

This is pointed out in an excellent article published in Government Execu-

tive (May 1979) entitled "Needed: A New Export Law," by Sherman R. Abrahamson, special assistant to chief executive officers Control Data Corp. Mr. Abrahamson asserts:

Exercise in Illusion.—Supporters of U.S. export controls believe first and foremost that they have retarded the expansion of the military industrial potential of the U.S.S.R. and other communist countries. This contention is grounded upon faith in the efficacy of the bottleneck theory of military-industrial development, which theory has been discredited thoroughly in many analytical studies. The elemental truth of the matter is simply that the export control policy of the United States has had no discernible effect on the growth of military power of any of the communist countries.

Another benefit claimed for U.S. export controls has been its utility in furthering U.S. foreign policy. Over the years hundreds of export transactions requiring export licenses from the Commerce Department prior to shipment of commercial goods have been explicitly disallowed on foreign policy grounds. Presumably the policy makers intervened in these sales to indicate U.S. dissatisfaction with the behavior of the buyers, the theory being that such intervention will be so disruptive to the buying countries that they will change their behavior to a style more consonant with the wishes of the United States. U.S. business firms have experienced intervention by our government in normal commercial transactions with most of the countries in the world, including a number of our NATO allies.

In not one instance can these interventions be shown to have produced the desired behavioral change in the buying country.

The U.S. trade deficit continues to grow and worsen. We can no longer afford excessive licensing requirements, delays, and obsolete and ineffective export controls which merely serve to benefit the balance of trade of our competitors. Passage of H.R. 4034 will lead to moderate yet significant changes while protecting the purposes the controls were designed to achieve.

The chairman of the Foreign Affairs Subcommittee on International Economic Policy and Trade, Mr. BINGHAM, has done an excellent job in developing and preparing the bill for our consideration. The House Export Task Force, of which I am chairman, and Mr. BINGHAM, a distinguished member, recognizes the need for a modification in the licensing procedure. The National Governors Association had much input into the final version of the bill and now fully supports it.

H.R. 4034 is necessary as we in Congress begin to take a serious look at our export policy. I recommend passage of this bill and ask that my colleagues support it.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from New Jersey.

(Mrs. FENWICK asked and was given permission to revise and extend her remarks.)

○ Mrs. FENWICK. Mr. Chairman, during the House's consideration of H.R. 4034 last Tuesday, September 11, the House approved my amendment regarding major sales to countries which have repeatedly provided support for international terrorism. The amendment requires the administration to notify the

Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate before any license is approved for goods and technology valued at more than \$7 million to any country concerning which the Secretary of State has determined: First, such country has repeatedly provided support for acts of international terrorism; and second, such exports would make a significant contribution to the military potential of such country, including its military logistics capability, or would enhance the ability of such country to support acts of international terrorism. The formal text of the amendment and the brief discussion can be found on page H7665 of the CONGRESSIONAL RECORD for September 11, 1979.

The gentleman from New York (Mr. BINGHAM), the floor manager of the bill, and the gentleman from California (Mr. LAGOMARSINO) the floor manager for the minority side, were kind enough to accept the amendment and thus we did not take up the time of the Members to elaborate upon my intention as to how it would work.

I thought it might be useful guidance for those who might be involved in, or affected by the process, if I took this opportunity to explain it more fully.

The amendment is a simple one. It would require that the House Foreign Affairs Committee and the Senate Foreign Relations Committee be informed before formal approval of a license for the export of such items as large planes, or large numbers of heavy duty vehicles to a country which has repeatedly supported acts of international terrorism.

The amendment would formalize what the State Department has started to do with the other body, discuss potentially controversial sales in advance with interested members. This has happened as a result of some disputes in the past, which developed after some members had learned of sales of large cargo-carrying planes to such countries as Libya, which has given support to a number of terrorist groups.

The intention of my amendment is to assure that the relevant committees of both houses of Congress are kept abreast of the State and Commerce Department's plans and to make sure that this informal process is continued.

The amendment was deliberately drafted to allow flexibility in the way the committees are informed. I did not want to put the executive branch or those seeking export licenses in a straight jacket. Thus I did not propose a 30-day formal notification procedure such as the one used in Foreign Military Sales. I think we should first try an informal way of informing the committees, whether through letters, or briefings, or telephone calls. By this I do not mean a call a few minutes before an export license is approved, perhaps only to the very busy chairman or ranking member of the committee. In view of some past problems in advising Members informally of potential arms sales, the administration would be well advised to also inform all the interested members of the committee, especially those on the relevant

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regional subcommittee. I think we can count on the commonsense of the State Department to tell us sufficiently in advance, so we can give thought to the matter. I think we can try this relatively informal approach before considering a more formal procedure.

In any event, there probably will be few of these cases in any given year. The kind of thing we are worried about involves primarily equipment which is designed for civilian purposes and is ostensibly sold for civilian use, but which could be used to support military operations, by transporting troops, equipment or munitions, or assisting terrorist operations.

One example is large aircraft. Libya used American-built airliners to try to keep Idi Amin in power by airlifting troops and equipment to Uganda. At the moment, proposed sales of jumbo jets are being held up to Libya. Another example of the type of thing Congress is concerned about took place last year when the administration approved selling Syria four L-100's, the civilian version of the C-130 military transport plane.

The sale was approved, without telling Congress, at the very time there was a debate underway over whether the administration's foreign aid appropriation for Syria should be approved for foreign policy reasons despite Syria's shelling of Christian areas of Lebanon.

The \$7 million figure was chosen in order to be consistent with the Arms Control Export Act, section 36(b) which governs formal notifications to Congress of sales of equipment designed for military purposes.

Administration officials have said their records indicate that only five export licenses in 1978 and two so far this year would have fallen under the scope of my amendment. Thus, the amendment would not put a major burden on the executive branch.

It would be up to the Secretary of State to make the determination on whether the country has repeatedly provided support for acts of terrorism. There are guidelines, such as training and sanctuary, which have been worked out by various legal experts and are contained in the omnibus antiterrorism acts which were the subject of hearings last year and are in the committee stage again now. These guidelines will be useful in making a determination. In addition, of course, there is intelligence and other information which might be useful in making a determination. It is my expectation that the State Department will not be too legalistic about this in terms of making sure every "t" is crossed before declaring a country has repeatedly supported acts of terrorism. Hard evidence is not always immediately available. But there seems to be a general agreement among many experts that certain countries have been supporting terrorists, such as Libya, Iraq, South Yemen, and perhaps Syria which supports the wing of the PLO, Saiqa, which reportedly was involved in the recent attack on the Egyptian Embassy in Ankara.

Mr. Speaker, this amendment does not provide any magic levers or solutions.

But there are situations in which countries are anxious to buy our equipment and such sales are clearly more desirable than foreign-made alternatives. There are other situations in which the sale might have symbolic value and, indeed, approving it, might help the efforts to wean countries away from supporting terrorists. This amendment is a responsible and measured approach to enable both the executive and legislative branches to consider more fully the proposed sales. The amendment also makes it clear that Congress—in line with its foreign policy responsibilities—should be kept informed about major developments in relations with countries which have supported terrorists.

It is a sensible amendment and I was pleased to see its adoption by the House.

Mr. BROYHILL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, may I have the attention of the chairman of the subcommittee? I would like to ask the gentleman from New York (Mr. BINGHAM) a question.

As the gentleman knows, lithium metal is manufactured in my congressional district, and as he also knows, lithium metal requires a validated license for export under this act. As I understand it, this is for certain national security reasons; is that correct?

□ 1550

Mr. BINGHAM. If the gentleman will yield, it is my understanding that lithium metal, as well as lithium hydride and lithium aluminum hydride, are on the control list and do require validated licenses for exports. It is my understanding, also, that the basis for this requirement is that certain forms of lithium are used in the manufacture of silicone chips for advanced computers, which is a critical technology, and that an isotope of lithium can be used in nuclear weapons production.

Mr. BROYHILL. I thank the gentleman. I make this inquiry because I am informed by the Lithium Corporation of America that the time required for processing license applications for export of lithium has greatly increased in the past year and that, furthermore, the company is losing sales to European competitors who are freely exporting lithium. Finally, the forms of lithium that the Lithium Corporation of America seeks licenses to export are not suitable for the uses the gentleman mentions which might be detrimental to the national security. I therefore inquire further of the gentleman whether this would not seem to be a basis for removing lithium from the control list.

Mr. BINGHAM. I would say to the gentleman from North Carolina that a very careful review of the uses, destinations, and actual foreign availability for lithium would have to be made before it would be prudent to determine to remove it from controls. Procedures are provided in this legislation for such reviews. If the Secretaries of Commerce and Defense would concur, on the basis of such a review, that the item should be removed from controls, and if this

were agreeable to our allies in Cocom, then it could be done. From what the gentleman says about lithium, I would certainly say that there is reason to review that item, with great care in view of its nuclear and computer uses, to see whether controls are needed and effective. I can say to the gentleman that the Subcommittee on International Economic Policy and Trade, which I have the honor to chair, will itself investigate this matter further and see that a thorough review is made by the appropriate executive agencies of the basis and form of controls on lithium.

Mr. BROYHILL. I thank the gentleman for his statement.

The thing we are concerned about, of course, is getting some timely action on these applications. Under the present law it is taking actually months in order to get action on these applications and, of course, the lithium metal that is being exported has no use for the products or uses that I mentioned just a few moments ago. I would appreciate the cooperation of the gentleman and the committee in this regard.

Mr. BONKER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to invite my colleague on the subcommittee, the gentleman from Michigan (Mr. WOLPE), to respond to several inquiries concerning section 107.

The subcommittee has information that refineries in the Netherlands Antilles (Aruba-Curacao) will have about a 500,000-barrel-per-day excess refinery capacity by 1982. They are able to handle Alaskan-type (sour) oil. Their excess capacity is about 250,000 barrels per day now.

My question concerns the language in the bill that the gentleman from Michigan (Mr. WOLPE) has authored.

If Alaskan production rises from 1.2 million barrels per day to 1.8 million barrels per day as projected and if there is a saving to the American consumer, then there is nothing in the amendment which would prevent Alaskan crude oil in excess of 1.2 million barrels per day from being refined "in bond" by Antilles refineries strictly for U.S. consumption?

Is that the gentleman's interpretation?

Mr. WOLPE. If the gentleman will yield, the gentleman is correct. There is nothing in the language of this provision that would prohibit any such arrangement if the consumer benefit criteria developed in the legislation are met.

Mr. BONKER. I have a second question.

The United States and Canada have in recent years periodically agreed to limited exchanges of certain types of crude oil destined for specific refineries. These exchanges have been mutually beneficial. They have provided crude oil in some instances where no alternative sources of supply existed. Exchanges for these purposes are continuing today, and opportunities for further exchanges will undoubtedly develop in the future. Am I correctly interpreting your language when I say that there is no intent to restrict or to prevent continuation of exchanges of this type?

Mr. WOLPE. If the gentleman will

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yield, that is correct. There is no intent whatever to limit or restrict in any way any exchange arrangements of the type the gentleman has just described.

Mr. BONKER. I thank the gentleman.

Mr. LAGOMARSINO. I move to strike the last word.

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

Mr. LAGOMARSINO. Mr. Chairman, I have studied the issue of exports of Alaska oil for some time. I sat through all of the hearings we held, and I talked to a lot of people and heard a lot of testimony, and I think the tougher provision that we can enact the better. I support the language in the bill concerning this subject.

Let me give you just a couple of reasons: First, any pipeline that is being proposed from the west coast to the middle of this country with or without a northern tier pipeline, I think, will never be built unless it is very clearly understood that it is going to be extremely difficult, if not impossible, to export oil. I am well aware that Sohio has announced abandonment of its plans. But that does not mean they—or some new applicant cannot decide to go ahead with it or some other pipeline.

Second, probably the best argument that was used by the administration, if you believed it, was that if we did not export oil it would preclude an increase in production in Alaska.

Very interestingly, in early May, Atlantic Richfield Oil Co., which is one of the Alaskan producers, announced it is going to increase its production by 25 percent, 300,000 barrels a day, in 1980. Company officials also said they anticipated no serious problems in transporting and distributing the oil to refineries in the continental United States, although transportation under current conditions would be relatively expensive. The present surplus of Alaskan crude oil that cannot be refined on the west coast is shipped through the Panama Canal to refineries in the southeast.

With regard to the Panama Canal, I am surprised that some of the people who support the administration generally and who support the Panama Canal treaty are lining up on the wrong side of this issue. Because, if we should export Alaskan oil, it would cut down on the tolls for the Panama Canal, which is not one of the things that has been forecast. And then, American taxpayers are going to have to either dig that money up, tolls are going to have to be increased or we are going to have a serious problem with Panama. If tolls are increased as a result of export of oil, it will have a very serious adverse effect on the countries of South America, especially western South America. It could easily do more harm than any good from the canal treaty.

Let me mention one other thing. Everyone was assured when the Alaskan pipeline was built that the oil would not be exported; it would be used in this country. Substantial investments were made by the American maritime industry to build ships to carry that extra volume of oil from Alaska. The only savings that there really are in shipping oil to

Japan is by using foreign ships. If you use foreign ships, that certainly does not contribute to the favorable balance of trade because the money would then go outside the country, and the considerable investment of the American maritime industry would be lost, or at least impaired.

I would cite another point as well. Many of us met with Prime Minister Ohira of Japan, when he was in the United States. We are putting considerable pressure on the Japanese to increase their imports of our goods, agricultural products as well as manufactured goods. If we sell them hundreds of millions of dollars worth of oil it certainly is going to cut down on their interest in buying more from us. They will be able to say, "We have improved the balance of trade," and, of course the United States will be left having to buy that oil from someone else—with no change then in overall balance of trade.

Many environmentalists are opposed to exporting Alaskan crude oil. They have also given further consideration to the question of building new refineries. Their conclusion is that compared to older, polluting refineries, new large refineries using the latest technology are preferable for meeting our domestic oil needs.

This is especially true to meet the requirements of refining our heavy crude resources. Without a prohibition on the export of Alaskan oil, there will be little incentive to proceed with changing existing refineries to be able to process Alaskan oil or heavy crude which is so abundant in California. It is noteworthy that although we were advised several years ago that total west coast refinery capacity was 500,000 barrels per day, such refining capability is now some 830,000 barrels per day.

It will be interesting to see if the environmental groups will continue to endorse such programs once they get under way.

It is important to remember, also, that the language in this bill does not automatically prohibit export of Alaskan oil. The conditions to be met are very stringent, to be sure, but they do provide that if benefits can be passed on to the consumer and the refiner, then exports are possible. If those provisions can be met, then a trade could be a good thing. However, until those conditions are met, we should not export Alaskan oil.

Probably the best reason for not exporting Alaskan oil is that if we do not prevent it—or at least preserve that option—if we do not take strong action, I think that the credibility of the American people and the Government of the United States in relation to oil—and how we handle oil—is going to be even more seriously eroded than it already is, if such a thing is possible. I do not know how you go from zero to minus. But that will happen, I can guarantee you, especially when you consider public reaction to the export of oil products to Iran.

The bottom line is that if the Congress of the United States is going to have anything to say about oil policy in this country, I think we had better preserve the strong provisions concerning export of Alaskan crude oil that do give the Congress the final say.

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

Mr. LAGOMARSINO. I yield to the gentleman from Connecticut.

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

Mr. MCKINNEY. Mr. Chairman, I totally agree with the gentleman.

Mr. Chairman, I rise to speak against the amendment. Just a few weeks ago the administration issued six departmental and agency reports on the selection of a pipeline route to carry Alaskan North Slope crude oil from the west coast to points east, the selection of any one of those routes represents the final decision in a project that began a decade ago—the delivery of billions of barrels of Alaskan oil to domestic markets, that oil has the potential to regain for us a portion of the political and economic independence forfeited by allowing ourselves to become dangerously reliant on foreign oil. I see but one potential obstacle threatening the completion of this 10-year project. That is the possible export of Alaskan oil. Today, Mr. Chairman, we have the opportunity to remove that final threat.

Section 107 of the bill before us now (H.R. 4034) contains a provision which would restrict the export or exchange of oil from Alaska's North Slope. As many of my colleagues are aware, it is a measure which I have sponsored and advocated for nearly 4 years. It is a measure which I believe to be an essential component of any future U.S. energy policy. Unfortunately, not everyone shares that view.

The export restriction in this bill is an extension and strengthening of an amendment I offered in 1977 and was contained in the Export Administration Act of that year. Opponents of the measure, 2 years ago, argued in favor of exporting Alaskan crude to Japan in exchange for that country's share of Mexican or OPEC imports. Export proponents argued that such an arrangement would ease the "glut" of oil on the west coast, result in a \$2 per barrel savings in transportation costs and thereby increase the incentive to produce oil on the North Slope. If those arguments had any validity at the time, what little credence they enjoyed has been totally destroyed by recent development in world oil markets.

Mr. Chairman, there is no glut of oil on the west coast. As the price of Alaskan oil rises, so does the amount of Alaskan oil refined on the west coast. In fact, west coast refiners have increased their "take" of North Slope crude by 325,000 barrels a day (from 600,000 to 925,000) in the last few months. As a result, every one of the 1.3 million barrels of Alaskan crude produced each day is being refined and consumed in the United States. Furthermore, U.S. refiners in Puerto Rico and the Virgin Islands are eager to secure any additional production from the North Slope. Even decontrolled domestic oil is a desirable alternative to spot market crude.

The potential for slightly lower transportation costs, in the event of an exchange agreement, remains. However,

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the \$2 per barrel savings represents no relief for U.S. consumers. Any transportation cost benefits would be entirely captured by the North Slope producers. And, even those industry sources have indicated that there is no further need for financial incentive to market Alaskan North Slope Crude. After-tax profits for Alaskan oil landed on the west coast have risen 85 percent (to \$4.11 per barrel) since December. The North Slope's largest producer, Sohio with 51 percent of the oil, has posted record-breaking earnings increases of 302 percent and an additional 70 percent in the first two quarters of this year respectively. Other producers have enjoyed similar good fortune. In short, Alaskan oil production is an extremely lucrative venture without the option of exports. However, the same does not hold true for the question of our supply security. In the event of an exchange agreement, the protection and security forfeited would be irretrievably lost.

Mexican and OPEC crudes are higher priced than Alaskan oil. As a result an exchange agreement would result in a loss to our balance of payments of about \$1 for each barrel exported. But perhaps more important is the fact that neither source, OPEC or Mexican, can offer the guarantee of fuel for our factories and heat for our homes supplied by Alaskan oil. In May and June of this year, Mexico could fulfill only 60 percent of its contract obligations due to oil production difficulty. Perhaps the largest U.S. delivery of Mexican crude was that which washed up on the gulf coast shores just weeks ago. Furthermore, political instability in the entire Mideastern region argues irrefutably against engaging in an exchange which results in additional reliance on OPEC crude. The fact is, the only secure supply of oil is that which is produced from domestic wells.

Still, Mr. Chairman, the measure which my colleague, Mr. WOLPE, and I have sponsored does not preclude the possibility of exchanging Alaskan oil at some future date. The legislation clearly allows for unforeseen discoveries and new configurations in world oil markets. Under the provisions of section 107 of this bill, the President may submit a plan to export or exchange North Slope crude oil, accompanied by the requisite findings, to the Congress for approval by both Houses within 60 days. Indeed, the Presidential findings are stringent as well they should be. The findings require the United States to realize documented, economic benefits from an exchange, and, no such exchange proposal could in any way reduce the amount of oil available to this country. Nor could any exchange agreement proceed if any danger to U.S. supplies developed. Admittedly, a small consolation in the absence of an east to west pipeline system.

On the other hand, the legislation allows for the use of Alaskan oil to honor our commitment to Israel, should the politics of the Middle East deny that country sufficient supply. In addition, the measure provides exemptions for the exchange of Alaskan oil with Canada and Mexico as an added protection for our northern tier refiners and those on the

gulf coast. In short, Mr. Speaker, section 107 is a well reasoned, fairly balanced approach to the use of Alaskan oil. It holds the North Slope producers to their promise of delivering that oil to the Lower 48, while at the same time acknowledging the reality of changing oil markets.

As I have said, we are closer than ever before to reaping the benefits of Alaskan oil development. To let those benefits slip through our fingers at this time would be a mistake of unmatched proportions. I urge all of my colleagues to support section 107 as contained in the bill, and defeat the amendment.

Mr. CLAUSEN. Mr. Chairman, I want to again restate my opposition to amendments which would have the effect of lifting restrictions contained within H.R. 4034 prohibiting an export or exchange of Alaska North Slope oil.

Over the past 2 years, I served as the ranking minority member of the Special Investigations Subcommittee of the Interior and Insular Affairs Committee. This subcommittee was given, in the 95th Congress, the responsibility of overseeing the disposition of crude oil transported to Valdez, Alaska, through the trans-Alaska pipeline. The subcommittee was interested in seeing to it that section 410 of the trans-Alaska Pipeline Authorization Act—Public Law 93-153—is implemented. This section provides in part that—

[T]he President shall use any authority he may have to insure an equitable allocation of available North Slope and crude oil resources and petroleum products among all regions and all of the several states.

We must remind ourselves that when Congress, in 1973, passed the Trans-Alaska Pipeline System Act, we gave full assurance to all of the American people that Alaska oil would be available throughout the Nation to address our domestic energy requirements.

Mr. Chairman, I have always been an ardent supporter of energy independence. Today we clearly see an urgent national need for more control over our use and supply of energy. The only solution to our present dependence on the foreign oil cartels is American energy independence.

I recently supported and cosponsored H.R. 4985. This bill provides a balanced approach in establishing an Energy Mobilization Board to cut through bureaucratic redtape when addressing domestic energy projects.

Last Friday morning, I met with the new Energy Secretary Charles W. Duncan, Jr., to get acquainted and exchange views on a number of energy related matters. One area we discussed was the creation of a national energy distribution network. An effective domestic energy distribution network, including pipelines, seaports, terminal facilities and refineries, is the vital part of an overall program which fulfills the congressional promise of equitably distributing Alaskan and other crudes to all regions of our country. Hopefully, an Energy Mobilization Board will assist in the development of a domestic energy transportation system. A domestic oil distribution network is sadly lacking and

our mobilization systems leave much to be desired.

Alaskan oil is vitally needed within the United States. Recently many of us learned our strategic petroleum reserve, SPR, program contains only 91 million barrels of oil. This amount is painfully short of the 250-million barrel target originally set for this time by the administration. Recent actions by Iraq and Nigeria lend support toward the notion of a more restrictive export policy. These actions, coupled with our lacking SPR program, delineates a bottom line of keeping Alaskan oil within our domestic borders.

West coast refineries in the past months have increased Alaskan oil refining capacity from approximately 500,000 barrels daily to 834,000 barrels. I am hopeful we can see a steady increase in refining capacity.

Mr. Chairman, I have learned the throughput capacity of the trans-Alaska pipeline will reach 1.5 million barrels per day by the end of this year. An export or exchange of Alaska North Slope crude oil would be against our best national, economic, and security interests.

The CHAIRMAN. Are there other amendments to section 109?

AMENDMENT OFFERED BY MR. SHANNON

Mr. SHANNON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SHANNON: Page 45, insert the following section after line 21 and redesignate subsequent sections accordingly:

EXPORTS OF HIDES AND SKINS

SEC. 110. Subsection (f) (1) of section 7 of the Export Administration Act of 1969, as such section is redesignated by section 104 (a) of this Act, is amended—

(1) by inserting "(A)" after "(f) (1)"; and

(2) by adding at the end thereof the following:

"(B) Notwithstanding the provisions of subparagraph (A), in order to carry out the policy set forth in section 3(7) of this Act with respect to cattle hides and skins, cattle hides and skins may not be exported in any year in an amount which is a greater percentage of the total supply of cattle hides and skins produced in the United States than the percentage of the total supply of cattle hides and skins produced in the United States which were exported during the years 1974 through 1978. The limitation set forth in the preceding sentence shall not apply if the President, after receiving the recommendations of the Secretary and the Secretary of Agriculture, determines that—

"(1) countries which are major producers of cattle hides and skins and which, on the effective date of this subparagraph, have in effect restrictions on the export from those countries of cattle hides and skins resume reasonable levels of exports of cattle hides and skins; or

"(2) during the last calendar year ending before such determination is made, the supply of cattle hides and skins produced in the United States, after deducting the amount of such hides and skins exported during that calendar year, was sufficient to meet the demands of the domestic economy.

The Secretary and the Secretary of Agriculture shall submit to the President recommendations so that the President has sufficient information to make the determination described in this subparagraph. Before making such recommendations, the two Secretaries shall hold public hearings, after providing reasonable notice thereof, and shall

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afford interested parties an opportunity to submit written comments, with or without oral presentation, at such hearings. Any determination of the President made under this subparagraph shall be valid for a period of one year."

Mr. SHANNON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

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

Mr. SHANNON. Mr. Chairman, I offer an amendment to limit U.S. exports of cattlehides to reasonable historic levels until major suppliers of hides moderate their export controls, or until adequate supplies become available to domestic users of hides. This amendment is a moderate and carefully worded response to the critical shortage of hides in this country.

According to the Department of Commerce, in 1977, out of a total of 41 million hides produced in this country, 58 percent were exported. That left a little over 17 million for domestic use, approximately the amount needed. The price was under 37 cents a pound.

This year, 34 million hides will be produced. Of that number, over 70 percent will be exported, leaving only 10 million hides for an industry that requires two-thirds again as many. And at a price double that of 1977.

The effect of this acute shortage on the more than 400,000 workers in the domestic leather industry is predictable. Thousands will lose their jobs. The effect on the consumer, according to the President's Council on Wage and Price Stability, will be onerous. Industry estimates put shoe price rises at at least \$10 a pair this year.

The cause of this shortage is rooted in the unfair trade practices of a number of other nations. Many foreign countries which manufacture leather goods do not produce cattle. These nations purchase their raw materials on the world market. But the United States is the only major exporter of hides. Brazil, Uruguay, India, and Argentina all produce large quantities of hides, but each severely restricts exports. Only Argentina has agreed to moderate its export controls—other producers have flatly turned down our requests for ending their hide export embargoes. Today, the United States, while producing only 15 percent of the world hide supply, provides close to two-thirds of the world market. When a shortage develops, the United States is forced to bear the full brunt. The American footwear and leather using industry has become a hostage to the restrictive trade practices of other nations.

I am a strong supporter of freer trade. If the leather industry had come to me and asked me to offer an amendment to limit imports of leather goods, I would have refused. But free trade in leather does not exist. The Japanese buy their hides behind protected markets. Other producing nations have export controls

on hides. Romania, a Communist country and a major purchaser of U.S. hides, buys regardless of the price as a matter of state employment policy. This is not a question of America's industrial competitiveness in international trade. It is an inequity which leaves American workers and industry with no chance to compete and no chance to survive. Last year Brazil, which has embargoed its hide exports, increased its exports of finished leather goods to the United States by 40 percent. This does not work to our advantage in regards to America's balance-of-payments difficulties.

I have been asked, why cannot our manufacturers purchase the hides at a higher price? The answer is simple—foreign demand for hides is insatiable. The Japanese import close to one-third of our hides. But Japanese markets are protected by a highly restrictive import licensing system for finished leather goods. The Japanese leather using industry is in a position to bid up the price of hides without fear of foreign imports.

I have been asked if short-supply export controls are against the spirit of the MTN? Absolutely not. Provisions exist in the GATT for nondiscriminatory short-supply controls. It is the actions of our foreign hide importers which are against the spirit of the MTN.

I have been asked if this amendment would adversely effect the beef cycle or the price of beef. The answer is no to both questions. Both the Department of Commerce and the Department of Agriculture have stated repeatedly that the price of hides has no effect upon the supply—hides, which account for less than 10 percent of the value of a steer, are only a byproduct of the steer. Cattle are raised in accordance with the price of meat, not hides. And the price of meat is determined by supply and demand for meat.

I have been asked if this amendment would hurt the rancher. Once again, the answer is "No." According to the special trade representative, estimates imply that these moderate export controls would raise the price of hides on the international market by approximately the same amount that prices would drop in the domestic market. The net effect would be small.

Beef matters are dealt with in other legislation now pending before this House. This amendment will have little effect on the rancher. But it will have a life-or-death effect on the leather industry. According to industry figures and the Department of Commerce, close to one-third of the price of a pair of men's shoes is due to the cost of leather. But this shortage does not affect only eastern shoemakers. It affects the southern textile workers. It affects the Texan who produces industrial gaskets and valves. It affects the midwestern bootmaker. And it affects every American who buys leather goods.

Under my amendment, an export control mechanism would be established for bovine hides and skins. Controls would not be triggered if one of two situations existed: One, if, in the opinion of the President, with the advice of the Secretaries of Commerce and Agricul-

ture, other major hide producers agreed to moderate their export controls, or if there were no domestic short-supply situation. If both a short-supply situation did exist and in the opinion of the President other hide nations were still restricting exports to an unacceptable degree, then export controls would be placed on cattle hides. These controls would equal the historical percentage of hides exported over the past 5 years.

Even if controls were in effect, more than half, approximately 56 percent, of U.S. hide production could be exported. The amendment would also strengthen the negotiating hand of the Special Trade Representative.

I am not asking for a law which protects industry from foreign competition. I am not asking for an amendment which will hurt the American cattle industry. I am asking for an amendment which will give the 400,000 leatherworkers in America a fighting chance to keep their jobs, and the American consumer badly needed relief from rising prices.

□ 1600

Mr. SMITH of Iowa. Mr. Chairman, I rise in opposition to the amendment.

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

Mr. SMITH of Iowa. I yield to the gentleman from Iowa.

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

Mr. BEDELL. Mr. Chairman, the proposed amendment seeks to restrict U.S. exports of cattle hides to "reasonable historical levels" until foreign governments remove their controls on hides or domestic supply exceeds domestic demand.

The Shannon-Carter amendment, in my opinion, is ill advised on several counts. It clearly contradicts the underlying tenet of both the Export Administration Act and the ongoing multilateral trade negotiations: that global economic stability and development, and free intercourse between nations depend critically on the least restrictive trade controls possible.

Unilateral U.S. imposition of export controls on hides may set a dangerous precedent, triggering retaliatory action by other nations rather than leading to the reduction of barriers against hide exports envisioned by the authors of the amendment. Moreover, restrictive action by the United States may well mark this country as an unreliable trade partner; supply uncertainty, the result of continually changing political currents, could make others more reluctant to trade with the United States.

In the shorter run, too, limitation of hide exports would be counterproductive. First, if the Shannon-Carter amendment passes, our already bleak balance-of-payments situation would worsen: hides account for \$600 million of the \$30 billion in annual U.S. agricultural exports. Further, the underlying supply shortfall might be aggravated. Much of the current supply problem can be traced to the so-called cattle cycle. We are in a period in which there are simply fewer cattle to be slaughtered. If hide exports are restricted and domestic prices drop as do-

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mestic supply increases, cattlemen will receive less for their livestock. Cattle producers will have little incentive to rebuild their herds.

In addition, it must be emphasized that any advantage to the U.S. leather goods industry which flows from the Shannon-Carter proposal will come at the expense of other groups. Since mid-May, U.S. cattle producers have seen a 15 percent decline in cattle prices; a drop in hide prices following export restrictions would further depress the market value of cattle. Meatpackers meanwhile would be faced with the prospect of either absorbing the loss from falling hide prices or passing those costs along in the form of higher beef prices. Nor is there any assurance that cheaper leather goods would offset these increases to the consumer.

In any case, artificial restrictions on trade are stopgap measures at best. Ongoing multilateral negotiations may eventually provide some relief for U.S. leather manufacturers. But, more importantly, we must address the causes for the competitive disadvantage of our domestic leather industry, seeking to increase productivity, foster innovation, and encourage renovation of deteriorating plants and machinery.

The Shannon-Carter amendment is laudable in its objective of aiding a troubled industry. Yet we would be shortsighted to help one ailing industry while threatening the already precarious health of others. Moreover, hide export restrictions not only worsen the U.S. position in the world trade arena, they also fail to address the fundamental issues of a global hide supply problem and a less productive U.S. leather industry.

Mr. SMITH of Iowa. Mr. Chairman, make no mistake about it, we are not talking about something that is in short supply.

Supply is not the issue. There has always been a surplus of cattle hides in the United States ever since the *Mayflower* landed in Virginia or this country. Never, one day, since that time has there been a shortage of hides in this country.

Now, what we have here is an attempt to ration a product that is in surplus supply.

If the Members do not believe that, just look at what I have in my hand. It says "10" on it. It looks like something one would use to play monopoly. I guarantee my colleagues it is not. That is a rationing stamp.

In 1972, before someone with 10 cattle hides could sell them, they had to get one of these stamps. They had to go to a bureaucracy and get a stamp before they could sell something they had a right to have, that they had a right to merchandise. That is the kind of a situation we are talking about. It is rationing of a product that is in surplus supply.

The promoters of the amendment are not satisfied to have a price advantage. They want price controls.

They now have a price advantage. They can buy for the world market price less the cost of transportation, and the cost of transportation can be substantial. But they want more than that. They

want to shift part of the cost to the cost of meat. That is what it has got to do. A slaughterer must secure a given amount out of the carcass. If they get less out of the hide, or out of the offal, he is going to shift part of it to the meat.

What has happened here? Since June, the price of hides is down 34 percent. I challenge anybody supporting this amendment to show me one manufacturer who has reduced the price 34 cents, let alone 34 percent of the price of his shoes or his leather products. Not one dime has been reduced even though the price has been down 34 percent in that period of time.

Let me tell my colleagues what happened before.

In 1966, there was a proposal that had been around for a couple of years. Nobody thought they would do anything about it, but lo and behold, 1 day the Secretary of Commerce approved an export control on hides.

The subcommittee funding the Commerce Department happened to be meeting, marking up the bill on funding for the Department of Commerce. So it happened to be the right time. We put an amendment in the bill.

I happened to have drawn the amendment. It prohibited them from using any money in the bill to administer the order. Well, that killed the order, but it was in effect for about 2 months before the bill was signed.

Let me tell the Members what happened in that 2 months. We had been selling a vast number of inferior hides overseas. The foreign purchasers had not developed an artificial leather market, but they saw then that they could not depend on us for these inferior hides, so they developed an artificial leather industry.

Within a couple of years, with their new capacity, they flooded the shoe market in this country with artificial leather shoes. It reverberated to the damage of the U.S. shoe manufacturer. They are so dumb they cannot see that. Or I should say they still do not seem to understand that a short time gain is a long term loss. They are going to get more of that same kind of thing every time export controls are threatened or ordered.

In 1972, there was another one of these kinds of export control orders. It depressed the leather market and increased the imports of cheaper shoes and products. It hurt our manufacturers even further. The more you show the foreigners that they cannot depend on us for hides, the more they develop their alternative sources of material; and they can flood the markets with those kinds of materials, because they have superior methods of manufacturing. During one of these periods, foreign manufacturers went to welding the upper into the sole. They forced the American manufacturer to get away from some of their archaic piecemeal methods and start doing the same thing. That is what happens when one tries to rig the world market with something like an export order.

What I am saying is, this amendment is not in the longterm interest of the

shoe manufacturer. It is not in the interest of the beef consumer. It is not in the interest of the farmer. That is for sure. It is not in the interest of our deficit of payments. That is for sure. It is unfair. Anybody must see it is unfair.

What this amendment would also do would give to foreigners the right to decide when export controls are removed. When foreigners do certain things, then export controls go off.

Do we want an export control law that gives foreigners the right to decide when we trigger these kinds of actions? I think not.

I say that nobody has a constitutional right to have a leather seat in his Rolls Royce. We could not have a shortage of leather products in this country if every woman had more shoes and more pocket-books than Twiggy. There is less than \$2 worth of raw hide in a pair of shoes. If the price has increased greatly, it had to be because the tanners increased their take.

We could not have a shortage of leather products in this country if every horse owner had more saddles than Roy Rogers. What we are talking about is rationing a surplus product. It is not in our national interest and is unfair. I urge a no vote on the amendment.

The CHAIRMAN pro tempore. The time of the gentleman from Iowa (Mr. SMITH) has expired.

(At the request of Mr. PHILLIP BURTON and by unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 1 additional minute.)

Mr. PHILLIP BURTON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from California.

Mr. PHILLIP BURTON. I thank the gentleman for yielding.

One of the very few parts of our economy that appears to be working, and one need only look at our balance of trade to firm up this conclusion, is the agricultural sector. It just plain does not make sense to support this amendment. I share the views expressed so ably by my colleague in the well.

Mr. SMITH of Iowa. I thank the gentleman.

Mr. ANDREWS of North Dakota. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, let us get a little commonsense in this argument in the House. I just went out to the Speaker's lobby and picked up a copy of today's Wall Street Journal. They post the price of hides there. Hides in Chicago right now are selling for 73 cents a pound.

Last year, they sold for 61 cents a pound. Now that is an increase of 12 cents a pound.

□ 1610

My colleague a few moments ago said that does not make any difference to the farmer, to the cattleman, to the producer. The heck it does not. There is a 65-pound covering on a fat steer and that 65-pound hide brings 73 cents a pound, which means more than \$50, \$50 that does not have to be paid for by consumers in the price of hamburger.

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All that happens when you sell a steer is you sell a steer to a plant and that plant takes it apart and sells the beef, it sells the bone meal, it sells the hide, and what we get for the one affects what consumers have to pay for the other.

Let us get back to shoes for a minute. I wear shoes just like everybody else.

Most of us have not been barefoot for quite some time. I have got big feet, fairly big, anyway. But 5 will get you 10. I do not have 3 pounds of leather in my two shoes. I doubt that anybody, even my colleague from California in the front row with those quarter-length boots—the gentleman ought to get full length ones from out West—but even a full size set of Texas boots does not carry more than \$2.50 or \$3 worth of rawhides in it. I think we have got to get down to a little bit of commonsense and recognize that if we begin to blame somebody else for the problems in the leather industry—and there are problems in the leather industry, part of which was brought out by what my colleague from Iowa said, they moved to artificial leathers and they told the producers of leather here in the United States, "We do not need your leather, we are going to go with Corfam and all of these other things." They told the cattle industry to forget it, so the cattlemen had to develop a market overseas or we would have had a whole host of problems. But right now we have a product that is selling at a reasonable price, 73 cents a pound. I do not think, as has been mentioned a moment ago, that half of the cost of shoes is attributable to the cost of the hides on the farm.

Mr. Chairman, once again the agricultural community is being blamed for the effects of inflation. Just a few weeks ago we heard a huge outcry about the high price of beef and those grumbings continue today. Once again the attack is aimed at the beef industry. This time the faultfinders want to blame inflation on the hides of cattle.

I think we should take time to look at a few facts. You will hear many talk about hides costing \$1 a pound. The figures they are using are not current, but rather the highs reached in May. The market is taking care of itself and the prices of hides in the last few months have reduced dramatically. As of last week hide prices had reduced as follows—heavy native steer down 36 percent, light native steer down 32 percent, Colorado branded down 52 percent and Butt branded down 47 percent.

The higher prices for hides have been the result of low slaughters, but I warn you, if export controls are imposed, today's beef prices will seem cheap. If the producer loses up to \$23 in reduced hide prices, that loss will be reflected in higher beef prices and further reduction in the size of herds, which would only serve to compound the problems facing the leather industry. It is in the leather industry's best interest to assure that our cattlemen continue to rebuild their herds.

The choice is a simple one, let the competitive market take care of itself, or face a shortage of beef and hides at escalated prices.

Even though the number of cattle being slaughtered is down, the United States will still slaughter about twice the number of hides our domestic industry can use. There is nothing to prevent the domestic industry from bidding on the competitive market for as much of this supply as they need.

I can understand my colleagues' concern over the plight our domestic leather industry finds itself in and their efforts to help it. But, this should not be done at the expense of another industry. In my State of North Dakota alone, export controls on cattle hides would cost our cattlemen over \$9 million a year. Nationwide this could mean a loss of \$680 million. It is simply not fair that American agriculture should continue to be asked to bear the brunt of the battle against inflation.

History has shown us that export controls are not an effective method of helping the domestic leather industry. When export controls were imposed on cattle hides in 1966, the price of shoes went up and the price of cattle went down. By the end of the summer of 1966 the price of men's shoes had risen 8.4 percent while women's shoes rose 7 percent. Throughout 1966 cattle hide prices plunged. As a result, the cattlemen paid for the shoeman's profit and the consumer was ignored.

An analysis just published by the Department of Agriculture indicated that the export controls probably would provide no long-term benefits to either the industry or consumers. It is true that the world supply of hides and skins probably will remain relatively low during the next 2 years as herds are rebuilt in many of the major cattle producing countries. But, as cattle herds are rebuilt and cattle slaughter begins to increase, hides and skins production will pick up rather rapidly in the early 1980's. To interrupt this normal cycle could prove disastrous to our cattlemen, the leather industry and our consumers.

Cattlemen are just now beginning to increase their herds. As I said before the lower prices they would receive as a result of export controls would undoubtedly slow this rebuilding. Such a reaction on the part of cattlemen would result in lower supplies in the future which would translate into even higher prices for meat and hides. Consumers would pay more for both meat and leather products in the long run—and that is no way to fight inflation.

Price flexibilities indicate that if export controls resulted in domestic hide prices that were 40- to 50-percent lower, it would result in only about a 2-percent lower price for footwear at the wholesale level. That is a high price for our cattlemen to pay, especially when we realize that retail prices for leather goods have not declined when hide prices fell.

Whenever the prices our farmers receive for their commodities increase, consumers and middlemen jump on the bandwagon declaring that these increases will result in higher and higher prices to our consumers. Yet we all know that when the price of wheat fell from the high \$5 level to \$2, the price of bread

did not go down. Remember 65 cents a pound raw sugar? How many of you have paid less for a Coca Cola now that the price of raw sugar is 8 cents.

According to the Department of Agriculture's report, "U.S. consumers will probably fare about as well, if not better, under existing policies than under any policy examined. One offsetting benefit that consumers are getting from higher hide prices is that they are helping keep meat prices from rising even more rapidly than they have."

In looking at the total picture, I think it is important that we remember why our cattle industry got into the hide export business in the first place. About 10 years ago the shoe manufacturers told our livestock producers that they were not going to buy hides any more, but were shifting to synthetics. The cattle industry reacted to this proclamation by launching an energetic campaign to find overseas markets. And now many would have us turn our backs on the cattle industry by granting a preferred market to the leather industry.

Low labor productivity in our leather industry has been the cause of many of the current problems. Productivity in this industry, has not kept pace with most other U.S. industries. I do not want to lessen the seriousness of the problems facing tanners and shoe manufacturers. I know there is a strong foreign demand for hides. However, attempting to limit exports of domestic hides will not solve their complicated problems. I do not think we should stand by and see the beef cattle industry made the whipping boy because we continue to apply simple solutions to complex problems.

Mr. Chairman, the administration opposes this amendment, our cattlemen oppose it, and our consumers should oppose it. I strongly urge on the basis of logic and reason, that this amendment be defeated.

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

Mr. ANDREWS of North Dakota. I will yield to the gentleman.

Mr. SHANNON. Mr. Chairman, I would just like to point out to the gentleman that by the Department of Agriculture's own statistics, and they are not supportive of this amendment, the value of a steer that can be attributed to the hide historically has been 4 percent of the value of the steer, 4 percent comes from the hide historically. I would just like to point out that by the Department of Commerce's statistics, and they are not supportive of this amendment, 30 to 50 percent of the cost of a man's shoe is attributable to the leather in that shoe.

Mr. ANDREWS of North Dakota. That is what the gentleman said, but my point is that it is hard to realize, with the elementary mathematics that I have had, how 73-cents-a-pound hides now selling in Chicago will make half of the cost of a pair of shoes that you cannot get for less than \$30, \$35, or \$40.

Mr. SHANNON. If the gentleman will yield further, it is equally hard for me to see how 4 percent of the value of a cow is going to affect the beef cycle.

Mr. ANDREWS of North Dakota. The

gentleman is getting his statistics a little too far away from the cattleman. I happen to feed some cattle and I have a lot of constituents who feed cattle, and when they take that steer in to market, whether it is priced by the yellow sheet that my colleague from Iowa has a number of questions about, and a number of us have questions about it, or whatever else, the price they can pay down in that stockyard for that steer on that given day is directly related to what they can sell the component parts for, and the price of a steer hide today is a lot more than 4 percent, and has been. There are 65 pounds of hide on a normal steer and 65 pounds at 73 cents is worth close to \$50.

Mr. SHANNON. If the gentleman will yield further, is it not a fact that historically 4 percent of the value of a steer comes from the hide and it has never risen above 10 percent, even at the highest hide prices?

Mr. ANDREWS of North Dakota. I think it has gone from 5 to 10 percent, but we have to equate that then with the stockman's profit and the gentleman will find that USDA statistics also say that the average net return for the farmer-feeder to feed a steer is 10 bucks, and that is less than what he has gotten for the hide today, a year ago, or 5 years ago. So the price of that hide is an extremely important component of what the farmer gets.

The CHAIRMAN pro tempore. The time of the gentleman from North Dakota has expired.

(At the request of Mr. GRAMM, and by unanimous consent, Mr. ANDREWS of North Dakota was allowed to proceed for 2 additional minutes.)

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

Mr. ANDREWS of North Dakota. I yield to my colleague.

Mr. GRAMM. Mr. Chairman, I was just going to make the point that my colleague made, and that is that I think it is fine to talk about a margin of 4 percent to 10 percent as if that margin does not matter. But that margin today is greater than the profit margin on cattle. We are faced with a cycle that has been produced, in part started under President Nixon with price controls on beef. We are in the process of seeing some movements toward a buildup in herds, and I think to pull down this margin by artificially underpricing leather, or hides, in this case, would break that cycle, would make cattle production unprofitable and would reduce production and would add to our hide-shortage problem. I think that is a point that should not be lost in talking about 4-percent to 10-percent margins. That margin, as the gentleman in the well pointed out, is bigger than the profit margin on the cattle to begin with.

Mr. ANDREWS of North Dakota. I could not agree with my colleague more.

I would like to conclude by making just one more point, and that is that it is extremely important that we find an adequate market for the products of our farms and our feedlots. I think it is extremely important to note that in finding that adequate market the tanners and the shoe industry and the domestic

leather industry get first shot at every cattle hide that is grown in the United States, first shot at it, so they are not cut off from supply. The biggest danger to the leather industry in this country is if we force down the profit margin on the farm to a nonexistent level and then we will not have the supply of leather that we need. More than anything else that would wreck the domestic leather industry.

I hope that this amendment will be defeated and fair play can stay in this field.

Mr. FITTHIAN. Mr. Chairman, I move to strike the last word and I rise to oppose the amendment.

Mr. Chairman, I wish to take this opportunity to express my opposition to the Shannon amendment to the Export Administration Act. While I am deeply concerned with the rising price of shoes and leather goods in this country, I am not convinced that placing an embargo on hide exports will provide the relief sought by the shoe and leather industry.

If the United States were to embargo hides, it would have the effect of raising their price on the world market which would in turn increase the cost to consumers of imported leather goods. Since leather imports tend to keep the price of domestic leather lower for competitive purposes, it appears to me that consumers would continue to suffer even with a trade embargo.

Further, hides represent only 5 to 15 percent of the cost of finished shoes. Thus, any decrease in the domestic price of hides which might result from an embargo would not appreciably affect the price of shoes. Instead, I fear that such an embargo might force an increase in meat prices by meatpackers in order to make up for the loss of revenue from the hides.

Most importantly, I regard amendments like Mr. SHANNON's as running directly counter to the purpose of the Export Administration Act. This act represents an important effort to facilitate American exports at a time when our excessive reliance on foreign oil has created a serious negative balance of trade. Attempting to attach to the bill protectionist provisions favoring one particular product can dilute the impact of the law and open the door to all kinds of special interest amendments.

The bill already contains adequate procedures to restrict exports where necessary to protect our economy from the inflationary impact of an excessive drain of scarce materials caused by foreign demand. These provisions can be invoked, if necessary, to protect the shoe and leather industry.

In addition, international negotiations are currently being conducted by the Office of the Special Trade Representative with countries such as Japan and Argentina to insure a cutback in the purchase of U.S. hides and an increase in the exports of foreign hides. These negotiations, coupled with the procedures already in the act, should suffice to provide relief to our domestic leather industry without eroding an important effort to stimulate our export economy.

Mr. Chairman, I strongly oppose this

amendment, not only because it is a blatant protectionist measure, but because of some of the arithmetic that my friend from Massachusetts has engaged in, and I would like to have his attention for just a moment, if I could. I believe the gentleman said on the price of shoes that one-third of them was wrapped up in the cost of leather. The figures I have are from 5 to 15 percent, but let us say for the moment the gentleman is correct.

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

Mr. FITTHIAN. I yield to the gentleman.

Mr. SHANNON. Mr. Chairman, I will say that I am using the statistics provided me by Department of Commerce which says 30 to 50 percent.

Mr. FITTHIAN. Let me use the gentleman's one-third if I may. How then do we account for the gentleman's next statement, which was if this amendment does not carry we could see an additional \$10 per pair added to the cost of shoes this year, if the gentleman from North Dakota is even remotely close to the amount in his analysis of the amount of leather that actually goes into a shoe?

Mr. SHANNON. If the gentleman will yield further, I do not accept the gentleman's figure as remotely close.

Mr. FITTHIAN. Taking the gentleman's own figure, what is the average cost of shoes?

Mr. SHANNON. I would say to the gentleman, if he will yield further, if we take the 30 percent to 50 percent figure as the amount of the cost of a pair of men's shoes that can be attributed to the leather in those shoes, I do not think a \$10 increase is out of the question at all.

I have an unusual situation, I wear a size 13 shoe, but I end up paying \$65 or \$75 for a pair of shoes frequently.

Mr. FITTHIAN. Mr. Chairman, I must oppose this amendment for many of the reasons that the people who are close and knowledgeable about the cattle industry have already stated.

Mr. ANDREWS of North Dakota. Mr. Chairman, will the gentleman yield?

Mr. FITTHIAN. I will yield to the gentleman.

Mr. ANDREWS of North Dakota. If we can go back to this \$10 figure, all I said was how many pounds of leather do we have in a pair of shoes. Leather today sells for 73 cents a pound in Chicago. The gentleman can buy all of the leather hides he wants today for 73 cents a pound. I do not think most of us have more than 2 or 3 pounds, even that much in that \$65 pair of shoes that the gentleman has. I just do not, cannot, just cannot come up with the mathematics that says that half of the cost of my pair of shoes is attributable to the leather. I appreciate my colleague yielding.

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

Mr. FITTHIAN. I yield to my friend.

Mr. GLICKMAN. Mr. Chairman, I echo the remarks of the gentleman from Indiana. I would say the issue today is not the cattlemen or the hide people, the

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issue is exports, free, unrestricted exports from this Nation. If we open the door here, and it is one of the first times the door has ever been opened, if we open the door here we will have every protectionist device available to protect one industry in this part of the country and another industry in another part of the country. That just flies right in the face of the MTN talks and it is bad for America. I urge the rejection of the amendment.

Mr. SHANNON. Mr. Chairman, will the gentleman yield for an inquiry to the gentleman from Kansas?

Mr. FITTHIAN. I yield to the gentleman.

Mr. SHANNON. I would say to the gentleman from Kansas, is it the gentleman's intention to vote against the beef bill when it is on the floor of the House of Representatives?

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield to me?

Mr. FITTHIAN. I yield to the gentleman.

Mr. GLICKMAN. I would say to the gentleman that I have not decided.

Mr. SHANNON. If the gentleman will yield further, would the gentleman characterize that as a protectionist measure?

Mr. GLICKMAN. Perhaps.

Mr. FITTHIAN. Mr. Chairman, if I can retrieve my time, I think the gentleman from Kansas' argument is that the purpose, as I understand Chairman BINGHAM's analysis, the purpose of this bill is to promote exports. The whole thrust of the bill is to facilitate international trade.

Mr. GLICKMAN. If the gentleman will yield for 1 second further, as I understand it, this is, except for the restrictions on exports of Alaskan oil, and a provision for red cedar which is in the bill, and the one that was just passed on scrap metals, and we keep going forward, before we got to this bill we had not formalized in statutory form restrictions on exports of commodities. I just think while nobody is a purist, and I will agree with the gentleman from Massachusetts on that point, I just think it is bad policy to begin opening the door to every protectionist item we have.

Mr. FITTHIAN. I thank the gentleman. If I may, Mr. Chairman, I regard amendments such as this as running directly counter to the purpose of the Export Administration Act in the first place.

□ 1620

Second, I regard amendments such as this as absolutely harmful to an industry which has lost money in 4 of the last 6 years, and lost money heavily. I cannot conceive of this House of Representatives turning on the beef industry in this country at the first opportunity it has had to arrive at a break-even point. It is inconceivable that we would do this, not only because of all the arguments my friend from Iowa, Mr. SMITH, made earlier, but for the very basis of equity itself.

I strongly urge defeat of this amendment.

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

Mr. GOODLING. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

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

Mr. GOODLING. First of all, Mr. Chairman, I am very sorry that my shoe manufacturers were referred to as being "dumb" by my very respected colleague from Iowa, since I have been very impressed with the manner in which they carry on their activities under almost impossible conditions. I would also hope that my colleague from North Dakota was not trying to make a point that since hides sell for 73 cents a pound, and there are only 3 pounds possibly to a shoe, that it only costs \$2.19 then in order to get that hide for the shoe. That is an unfinished product, of course, when it is \$2.19.

Mr. Chairman, it has been argued that the imposition of export controls on American-produced cattlehides would constitute an unwarranted impediment to free trade. Certainly, free trade is a desirable goal and as a general policy I heartily endorse it. But when other nations seek to exploit our commitment to that policy to the detriment of the American people, it is time to reconsider that policy in light of particular circumstances which might make for an exception.

In recent years the demand for unfinished cattlehides has grown dramatically, while the production of hides has increased very little. As a result, shortages and major price increases have occurred. In response to this situation, many traditional suppliers of hides have imposed export controls on their production, thereby protecting their own leather goods industry from spiraling costs but further exacerbating the already severe international shortage. As a result, foreign buyers have turned to the United States, which has not imposed controls, to make up the difference.

If the United States were able to make up for this shortfall without depleting the supply needed for domestic consumption, this would not constitute a serious problem. Unfortunately, we are unable to do so as just illustrated by my colleague from Massachusetts. Of the approximately 34 million hides that the United States will produce this year, about 19 million will be needed for domestic consumption. However, foreign buyers are expected to purchase some 24 million, leaving a domestic deficit of 9 million. The results of this deficit are already apparent: The cost of unfinished cattlehides has increased over 150 percent in the past 17 months alone; and the price of finished leather goods is sure to follow. As the price of domestically produced leather goods increases, the American consumer, hard pressed by inflation, can be expected to increasingly turn to less expensive foreign-made goods. Those \$90 pair of Johnston & Murphy shoes some of you are sporting today will cost \$160 within 6 months or a year. I may buy some merely as an investment. So, American industry will

suffer and tens of thousands of American jobs will be lost. All this, because we have failed to act to insure that our own domestic industry receives the raw materials they need at reasonable prices, to compete with foreign producers.

For this reason, I intend to support Mr. SHANNON's amendment. And in the interests of American industry, American labor, and the American consumer, I urge my colleagues to do so, as well.

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, will the gentleman yield?

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

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, the gentleman from Iowa (Mr. SMITH) alluded to a condition of abundance of hides that, in his terms, has existed since the Mayflower landed in Virginia. I have got to point out that Massachusetts was where the Mayflower landed, and the landing in Virginia occurred 13 years earlier with different ships that sailed up a river bounding my congressional district.

Mr. BINGHAM. Mr. Chairman, in view of the pressure of time under which we are operating, I wonder if we can arrive at an agreement on limitation of time.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto cease in 30 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

Mr. MAVROULES. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. BINGHAM. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto cease in 45 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN pro tempore. Members standing at the time of the unanimous-consent request was agreed to, will be recognized for 1 minute each.

□ 1630

(By unanimous consent, Mr. JOHN L. BURTON yielded his time to Mr. MAVROULES.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from South Dakota (Mr. DASCHLE).

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

Mr. DASCHLE. Mr. Chairman, I rise in opposition to the amendment being offered by my colleague from Massachusetts, an amendment which would seek to limit the exportation of U.S. cattle hides, until adequate supplies are available to domestic users of hides.

Those who argue in favor of this amendment say that unless hide exports are limited, the leather goods industry will not have to necessary raw materials to provide finished leather products.

Unfortunately, for what some have referred to as a simple solution to the troubled shoe and leather industry, is a

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dangerous precedent the result would be literal chaos in the livestock industry.

As has been pointed out here today, the livestock is plagued with the very same problems of inflation and high production costs that every other industry is faced with. This is sometimes overlooked by our friends in the urban areas.

The effect of this amendment on the livestock industry would be to cause a substantial reduction in 1979 hide exports in addition to further reducing hide prices from a 1979 high of 96.33 cents per pound to a June 1979 level of 85.90 cents per pound.

A reduction in hide prices could cause a reduction in cattle prices through a lower return on a valuable part of the animal.

After 4 years of depressed prices, cattlemen are finally realizing a profit. The Shannon amendment would significantly reduce these returns by an estimated \$10 or \$20 per head.

Hide exports are on the decline, July down more than 5.7 percent. The projection is that they will be lower for the rest of the year.

In addition, the United States is currently negotiating with countries which currently have embargoed its hide exports. Argentina is one country which will reenter the world trade hide market.

Mr. Chairman, I want to conclude by reaffirming my strong opposition to the Shannon amendment. The United States is estimated to be producing more than 34 billion cattle hides this year, with the domestic industry requiring only 18 million.

We should not establish this dangerous precedent.

Our Nation's cattlemen should not have to carry the brunt of the load of the hide industry's reluctance to pay the supply and demand established market price for hides. The hides are there without the necessity of export restrictions, and for that reason I rise in opposition to this amendment.

(By unanimous consent, Mr. DASCHLE yielded the remainder of his time to Mr. FOLEY.)

(By unanimous consent, Messrs. GLICKMAN, SMITH of Iowa, and CAVANAUGH yielded their time to Mr. FOLEY.) (By unanimous consent Mr. GRAMM yielded his time to Mr. STENHOLM.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Minnesota (Mr. NOLAN).

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

○ Mr. NOLAN. Mr. Chairman, I support the amendment by Representative SHANNON to regulate the export of cattle hides.

The issue has caused a great deal of controversy between the leather goods industry and the cattle industry. According to some critics, the Shannon amendment constitutes an impediment to free trade and therefore should be defeated. Congress should recognize, however, that free trade does not exist for most products because State trading and oligopoly reign in the marketplace. From the viewpoint of both farmers and labor, history reveals that putting wise restrictions on

trade is the only way to maintain a continuous flow of goods by assuring a balanced competitive market free from unfair market practices and price gouging.

I believe the Shannon amendment is a wise trade restriction which will help stabilize the domestic leather goods industry and, at the same time, will maintain domestic beef consumption because jobs and income in the leather goods industry will not be jeopardized. Assuring domestic demand is the cattle producers' best bet to maintain cattle prices at fair levels.

By the same token, those who support the Shannon amendment must realize that the economic well-being of U.S. cattle producers is threatened by beef imports. The beef import bill reported out of the Ways and Means Committee also places a wise restriction on trade—assuring price and supply stability for cattle producers and consumers.

I urge my colleagues to support the Shannon amendment and to support the bill to improve the existing beef import legislation. Farmers and labor both stand to gain from cooperation in support of the Shannon amendment and the beef import bill.○

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Florida (Mr. KELLY).

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

Mr. KELLY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, Government subsidies to help grain farmers constitute a massive Government program which last year totaled \$2.3 billion and raised cattle feed out of sight. From 1974 to 1978, the cattlemen of the United States suffered under depressed prices, high feed costs, and high everything else, with the result that hundreds of America's cattlemen went out of business or bankrupt or both.

The Shannon amendment is an effort by one industry to gain an advantage at the expense of the American cattleman. In light of the damage Government programs and interference in agriculture has already done to the cattle industry, the unfairness of the Shannon amendment should not be permitted.

The Shannon amendment, pure and simple, would reduce the price of hides by cutting off American cattlemen from the world markets and of necessity reduce their profits and run up the cost of beef to the consumer. By limiting exports of cattle hides, this amendment will worsen this country's already serious balance of traded deficit. Last year the United States had a net agricultural trade surplus of \$15 billion, and cattle hides are the major contribution to this surplus by the cattle industry.

Mr. Chairman, American cattlemen have suffered enough in the past few years. Now that they have a chance to break even, certainly fairness and equity demand the Government not hurt the cattlemen more to benefit someone else.

I earnestly urge my colleagues to vote "no" on the Shannon amendment and

to vote "yes" for the American cattlemen and fair treatment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Pennsylvania (Mr. LEDERER).

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

○ Mr. LEDERER. Mr. Chairman, I rise today to support the Shannon amendment to the Export Administration Act of 1979. I think it an important amendment, which will have a most beneficial effect on our leather goods industry.

This sector of our industrial economy includes tanneries, shoe production, handbags, belts, apparel, and other leather products. A great many people are involved in these industries. However, these jobs may be in danger by the increasing exportation of our Nation's cattle hides. It is time that we realize that our country's many industries cannot operate independently of each other. Many of them are dependent on one another and their business operations should be coordinated. Without a steady supply of hides, the leather goods industry finds itself in a terrible bind. If they cannot attain an adequate supply of cattle hides from America's cattle producers, the leather goods industry is forced to look to the foreign producers. However, they are stymied here by the fact that many foreign governments have imposed export restrictions on their cattle hides. Consequently, our leather goods industries are unable to secure a stable supply of hides for their production facilities. Without a coordinated leather goods policy, the leather goods industry is caught between the proverbial rock and a hard place.

The cattle industry, of course, opposes any export restrictions. This is understandable, since it is sometimes possible for them to get a higher price for their hides abroad than they can get in this country. But I find it interesting to note that the cattle producers are such free traders on this issue, and, yet, they can turn around and be highly protectionist on the meat import issue.

We heard the term, "fair trade," used quite extensively during the debate on MTN. Well, I think this issue again brings the concept of fair trade into play. I do not think it advantageous for our country to watch the decline of a domestic industry because they are not able to avail themselves of a necessary, domestically produced resource. I find this unacceptable. I would urge my colleagues to support the amendment of Mr. SHANNON. I think it in the best interest of our country's industrial welfare to do so.○

(By unanimous consent, Mr. LEDERER yielded the remainder of his time to Mr. MAVROULES.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Massachusetts (Mr. MOAKLEY).

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

○ Mr. MOAKLEY. Mr. Chairman, I rise on behalf of an amendment offered by my colleagues, Mr. SHANNON of Massa-

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chusetts and Mr. CARTER of Kentucky to the Export Administration Act (H.R. 4034).

In recent months, the American public has witnessed a significant increase in the price of almost all consumer goods. The price of domestically manufactured shoes, however, has increased at a rate far greater than that of inflation. The domestic leather using industry, of which the shoe industry is a major component, is in jeopardy. Because of the vagaries of this Nation's export policies, it seems that the industry is simply not capable of obtaining a sufficient supply of the industry's prime ingredient: cattle hides.

Massachusetts has over 23,000 individuals who presently earn their living from the shoe and leather-using industry in the State. In the Ninth Congressional District alone, there are some 23 shoe manufacturing companies, employing many thousands of people in the Boston area, whose product output is totally dependent on the availability of cattle and leather hides.

The reason for the seeming inability of American cattle producers to supply sufficient hides for the leather-using industry is self-evident. Since the early 1970's, every single major hide-producing nation with the exception of the United States has imposed stringent controls on the exporting of hides. Consequently, the United States, while producing only 15 percent of the world's supply of hides, now finds itself in the strange position of providing over 75 percent of the world market. The laws of international trade clearly state that this is simply not an equitable situation. The ebbing of U.S. cattle hide inventories has produced a scenario in which the per pound price of leather hides have been allowed to rise from around 40 cents per pound less than a year ago to almost \$1 per pound last week. Despite the fact that our local leather-using firms are not able to meet their hide needs. This Nation continues to allow over 80 percent of our domestic hides to be exported, when less than a year before only approximately 50 percent of our hides were exported.

The amendment offered today by my colleagues from Massachusetts and Kentucky would bring order to a completely chaotic situation. The amendment to the administration's Export Administration Act would limit exports to the average percentage exported over the period 1974-77. Controls would be lifted if a reasonable number of other hide producing nations relaxed their restrictions or if the domestic supply began to exceed the domestic demand.

I emphasize that these export controls would apply to hides only. As you are also no doubt aware, before 1973, the Commerce Department had the authority to impose export controls on hides.

This amendment would reduce the price of domestically sold hides and would increase the price of foreign sold hides. Currently, there is little incentive for major importers of hides to relax their restrictions on exports. If the current situation is allowed to continue, nations such as Japan, which are able to produce high-priced leather products due to the devalued dollar, will drive

American leather producers out of business.

I urge you to vote in support of this amendment. Certainly the 500,000 American workers whose jobs are directly impacted by our action on this matter deserve no less.

Thank you.○

(By unanimous consent, Mr. MOAKLEY yielded the remainder of his time to Mr. MAVROULES.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Massachusetts (Mr. DONNELLY).

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

○ Mr. DONNELLY. Mr. Chairman, I rise in support of the Shannon-Carter amendment.

In my support for this amendment, Mr. Chairman, I am calling for the end to a critical situation that has placed the American footwear industry in immediate danger of extinction. The situation I am referring to is the acute shortage of cattle hides, the basic raw material of leather manufacture, facing the domestic shoe industry. If current trends are not reversed without delay, domestic leather manufacturers will have only 10 million hides available for their use, approximately one-half that needed to maintain the industry at current levels of production and employment.

What has caused this shortage of hides, Mr. Chairman? It is the result of more than the cyclical rebuilding of cattle herds. It is caused by the voracious, unprecedented foreign purchase of our American hides. While the United States produces only 15 percent of the world cattle-skin supply, in excess of 75 percent of those hides go to foreign manufacturers of leather goods. Those figures do not represent an insufficient domestic demand for hides, Mr. Chairman. Due to the devaluation of the dollar, countries such as Japan and Korea are able to consistently and dramatically attract a major portion of our domestic hides supply. Our already beleaguered shoe industries are engaged in a pricing battle in which cattle hide for shoe leather that cost 37 cents a pound in 1977, and that cost 58 cents a pound 6 months ago, today is priced at almost \$1 a pound.

Mr. Chairman, how can we expect our American footwear and leather goods manufacturers to survive under these conditions? Many will argue that the present hide shortage is short term and domestic supply will increase over a 3- or 4-year period. Well, the leather goods industry that directly employs some 500,000 Americans cannot survive even in the short term without immediate relief from this crisis situation. Are we prepared to ignore the plight of shoe manufacturers? Are we prepared to certainly jeopardize the livelihood of hundreds of thousands of American leather goods workers?

The Shannon-Carter amendment is a reasonable, carefully worded, and targeted remedy to the cattle hide situation. Most importantly, this amendment recognizes the overriding objective of

our trade laws, that is, commitment to free trade and free market policies. The restrictions on hide exports to reasonable historical levels would only apply as long as other major producers of cattle skins follow export policies contrary to the principal of free trade. Argentina, Brazil, Pakistan, and India, to name only a few, follow policies of stringently controlling their export of hides.

Mr. Chairman, the concept of free trade has been founded on the principal of insuring equitable access to world markets on the basis of mutuality. This amendment recognizes that our trading partners are currently disregarding this principle. Our top priority, therefore, must be to assure that our American shoe industry and workers are able to compete in the international market on a basis of equity and fair trade. To this end, we must assure American leather goods industries legitimate, adequate access to American raw materials, and the 400,000 American workers, jobs.

I urge my colleagues to join me in supporting this amendment.○

(By unanimous consent, Mr. DONNELLY yielded the remainder of his time to Mr. MAVROULES.)

The CHAIRMAN pro tempore. The Chair recognizes the gentlewoman from Maryland (Mrs. BYRON).

(Mrs. BYRON asked and was given permission to revise and extend her remarks.)

Mrs. BYRON. Mr. Chairman, my support for the Shannon-Carter amendment to the Export Administration Act is twofold. First is my concern with the ever increasing price of shoes and other leather goods in this country. And, second, but more importantly, my concern with the number of jobs that may be affected if the U.S. leather industry does not get sufficient hides.

In my home district of western Maryland there are at least a half dozen leather related industries—a tannery, shoe manufacturers, not to mention numerous shoe retailers. I am concerned about the future of these industries. Several of these plants have already experienced layoffs due to the competition from imports.

The Shannon-Carter amendment to the Export Administration Act does not prohibit hide exports. It limits exports to the average percentages exported during the year 1974-77 which amounted to 56 percent.

And, more interestingly, this limit would only exist until such time other hide producing nations relax their restrictions on exports, or domestic supply exceeds domestic demand.

The United States cannot continue to export the high number of hides without dramatically affecting the U.S. leather industry.

Tens of thousands of American citizens may lose their jobs—including several thousand Marylanders—if the plants they are working in shut down or reduce production due to an insufficient supply of hides.

I urge my colleagues to consider the livelihoods of thousands of Americans and vote yes today for the Shannon amendment.

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(By unanimous consent Mrs. BYRON yielded the remainder of her time to Mr. MAVROULES.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Tennessee (Mr. BONER).

(Mr. BONER of Tennessee asked and was given permission to revise and extend his remarks.)

○ Mr. BONER of Tennessee. Mr. Chairman, hundreds of citizens in the Fifth District of Tennessee have taken the time to let me know how they feel on a matter that reaches to the heart of the economic situation in this Nation. I refer to the export of U.S. cattle hides and skins which drives up the price of domestic leather goods and causes shortages and unemployment in the U.S. labor force.

I wish to state my support for congressional efforts to amend H.R. 4034, the Export Administration Act, to protect our domestic hides and skin industry, and I hope that the House reverses the Senate's July 21, 1979 defeat, by a vote of 46 to 38, of a similar amendment to limit these exports until the President determines there are adequate domestic supplies.

The American leather goods industry, which employs over 400,000 citizens across the Nation, is facing a monumental crisis. It is a crisis already sending shock waves of inflation through the economy. It promises even more serious consequences unless there is simple, direct action taken now.

This is not just a national problem. In the State of Tennessee 12,870 people are employed in the production of leather products. This is down from 19,264 in 1976. Tennessee has the distinction of being the fifth largest producer of footwear in the United States with 30 million shoes having been produced in 1977. The citizens of Tennessee along with the citizens of every other State must be protected from possible loss of their jobs.

Our Government has been standing idly by while foreign nations have been raiding America's supply of domestically produced cattle hides. Meanwhile, American tanners, manufacturers, and retailers are being deprived of the one raw material they must have to provide shoes, clothing, furniture, and other essentials consumers want and need.

It is a travesty and a humiliation that, soon, American consumers may not be able to afford or even to obtain leather products themselves, despite the fact that the United States is the world's major producer of cattle hides.

The squeeze is caused by the unprecedented buying of U.S. hides by foreign countries who do not play by the same fair trade rule book that we do. At the same time, other hide-producing nations, who could help satisfy world demand for hides, hold back their supplies from the world market place. The United States is left virtually the only nation which gives free-buying access to its unfinished hides. Argentina, Mexico, and India—all major producers—close their borders in order to protect their own leather goods industries, workers, and consumers.

Japan, along with most other nations, has clear policies of buying as many

American hides as possible to provide jobs for their citizens. These countries are willing to pay just about any price for hides for social reasons, but they do not often feel the high price. Japan, for instance, can outbid American buyers easily with the 15- to 20-percent exchange rate advantage of their yen versus the U.S. dollar. As a result, declining U.S. hide production has not fazed Japan at all. Instead, it increased its share of purchases in 1978, thus aggravating further the critical scarcity of hides.

The United States was the source of 75 percent of the cattle hides exported by all countries in 1978, but was able to export just \$234 million in finished leather and leather goods for the year. Foreigners, however, took full advantage of our open-arms import policies and the United States imported \$2.4 billion worth of leather goods. The result was an estimated 100,000 jobs lost in the United States for every \$1 billion in trade deficit.

The consequences of aggressive and ruthless foreign buying in the United States, particularly by Japan, and denial of access to hide supplies of other producing countries already have been acute.

Prices of cattle hides, by May 1979, reached an average of almost \$1 per pound, a cost that causes reverberations throughout the chain of production and marketing. Wholesale prices for cattle hides surged by 91 percent in April of 1979 compared to April of 1978. Retailers will not long be able to keep from passing price increases on to consumers. Manufacturers and retailers of leather shoes and all other leather products face an intolerable dilemma—curtail production or fuel inflation and face a radical downturn in consumer buying.

I do not believe that this amendment will hurt the cattlemen of this Nation as much as the current situation is affecting the leather goods industry. Many American jobs are in jeopardy if the current level of cattle hide exportation is permitted to exist. I cannot stand idly by and watch the jobs of many of the citizens of the Fifth District of Tennessee lost because of governmental inaction in the area of cattle hide exportation restrictions.

It is time to bring economic equity back to the people of the United States. The United States can no longer be expected to bear the burden of reduced supplies alone. We must make a commitment now to allow ourselves a fair share of our own materials, our own hides. If the Government means what it says about cutting the rate of inflation, it must take the necessary actions to insure a long-term adequate domestic supply of hides.○

(By unanimous consent, Mr. BONER of Tennessee yielded the remainder of his time to Mr. MAVROULES.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Massachusetts (Mr. CONTE).

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

Mr. CONTE. Mr. Chairman, I rise in support of the Shannon amendment. This amendment seeks to limit exports to

the average percentage exported over the period from 1974 to 1977, approximately 56 percent of domestic supply. Yet, such controls would be lifted if either a reasonable number of other major hide producing nations relaxed their restrictions on exports or the domestic supply exceeded domestic demand.

Some may question the need for controls when we are so desperately trying to increase our share of export trade. They will be quick to point out that the balance-of-payments deficit is only now beginning to decrease. They will claim that increasing U.S. exports translates into greater opportunities for employment. They will praise the merits of a free trading system which we have been working so hard to achieve. I admit that each of these is a legitimate and timely concern. Yet, I have come to realize that the situation with regard to hides is, in fact, hurting the U.S. balance of trade, it is creating unemployment, and further that there is neither free, nor fair trade in this commodity.

Currently the United States is exporting over 70 percent of its cattlehides. Of this year's projected supply of 34.2 million hides, 24 million were destined for foreign markets. This is primarily due to the fact that other nations have restricted their export of hides. As demand on the international market exceeds supply, the price has skyrocketed. A small minority are overjoyed with the higher prices. But a far larger group has become victim of both unemployment and higher costs. By April of this year, 10,800 jobs had been lost due to the increased cost of hides to the leather industries. But the even more far-reaching consequence has been the additional \$2 billion for leather products which the American consumer has been and will be forced to pay due to higher prices. Without a doubt, the biggest losers will be each and every one of our constituents who will be paying an additional \$10 for each pair of shoes and \$12 for each handbag.

Some may claim that these controls will hurt the balance of trade. Such claims are unfounded. We will still be exporting over 50 percent of U.S. hides, and at today's prices, this will mean an additional \$200 million in revenues. The real balance-of-trade problem results from the fact that the United States cannot compete internationally in the leather products area. U.S. hides frequently return to the United States as a higher valued finished product, yet a product less costly than our domestic goods.

Mr. Chairman, with the rumors of recession occurring with greater frequency, we can afford neither the loss of jobs or the increased inflationary pressures which the lack of controls is now creating. I, therefore, strongly urge that this amendment be adopted.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. MITCHELL).

(Mr. MITCHELL of New York asked and was given permission to revise and extend his remarks.)

Mr. MITCHELL of New York. Mr. Chairman, I would like to address the

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problem of the cattle dealers. I really do not think they have a beef in this issue. They may have a lot at stake, but they are giving us a bum steer when they talk about how much they are losing.

The United States produces 15 percent of the cattle hides in the world today. It is projected that in 1979, the U.S. cattle industry will supply 34.2 million hides. Only 50 percent of these would adequately meet the needs of our domestic leather industry.

Yet, the firms manufacturing leather goods in my district in central New York tell me they are facing a major crisis because they cannot buy enough animal hides to keep up their production levels. I received 161 letters, many of which stated the leather business will close unless relief is available soon.

And the American consumer is paying, on the average, \$10 to \$15 more for a pair of shoes than he paid 2 years ago.

What is the reason for this apparent paradox? Where are all the American cattle hides going?

They are being sold overseas to the highest bidder.

The United States, while producing 15 percent of the world's cattle hides, is supplying 75 percent of the world market, at the expense of our domestic leather industry. The most recent statistics available show that in March and April of this year, 83 percent of the cattle hides produced in the United States were sold for export, leaving American leather industries with only half the number of hides the industry needs to keep going.

The bulk of the exported hides are going to countries like Japan and Korea. Because of their huge consumer demand and a favorable exchange rate, they can afford to outbid our leather goods manufacturers.

In the meantime, other major hide-producing countries maintain strict export controls on their hides, to protect their own domestic leather industries.

These countries can send finished leather products to the United States, assured of a good competitive edge over American manufacturers who are scrambling for an adequate supply of cattle hides.

To add insult to injury, many of our foreign competitors refuse to import American leather finished products. Again, they are seeking to protect their own.

I believe in free trade but I feel it must also be fair trade. By filling the worldwide gap in supply and demand created by countries who have embargoed their cattle hides, the United States is the only free-market trader in an imprisoned market.

It is bad enough that rising exports have meant a 154-percent increase in the price of cattle hides in less than a year and a half. It should be a major concern of this body that the trade deficit in the finished leather goods sector was \$2.5 billion in 1978, almost 9 percent of the entire U.S. trade deficit.

We must also recognize that the leather goods industry represents 400,000 jobs in this country. The manufacture of

leather products is a labor-intensive enterprise that often employs the less skilled worker—individuals who might have a difficult time finding another job even in a healthy economic climate.

In the first quarter of this year, unemployment in the shoe industry was nearly double the national average at 10.7 percent. Employment is steadily dropping, and manufacturers are giving their employees unwanted, extended vacations, because they have no leather for them to work with.

The amendment introduced by Representative SHANNON is not a regressive, protectionist measure that will hurt us in the long run. It is a necessary action produced by the unfair competitive practices of other countries who erect trade barriers at the expense of our domestic leather industry.

I feel Representative SHANNON'S amendment represents a fair and balanced solution. I strongly urge my colleagues to support it.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Mississippi (Mr. HINSON).

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

Mr. HINSON. Mr. Chairman, I rise in opposition to the Shannon amendment. I am very sympathetic to the problems of our shoe industry, but I suggest that these problems are more complex than this amendment would indicate, and are not the subject of a catch-all solution such as that posed in this amendment. The manufacture of shoes is only a part of a chain which begins with a cattleman raising cattle for the meat they produce and, importantly, for the international hide market, a large portion of which has traditionally come from the United States to the benefit of the American leather industry.

The distinguished chairman of the Small Business Committee (Mr. SMITH), is right. Restricting the export of American hides will only harm the shoe manufacturers of this country because it will force foreign producers to go even further into the artificial leather market. It will also result in the increased importing of foreign shoes, shoes which will not be made from American hides. Adoption of this amendment will also have the effect of glutting the U.S. hide market, dramatically forcing downward the price American cattlemen are presently receiving for their hides. For the first time in many years, American cattlemen are receiving a fair price for their beef and for their hides. Forcing an instant depression in the hide/cattle market in order to benefit another market is destructive and will not solve the long-term problems of the shoe industry. I urge the rejection of the amendment.

(By unanimous consent Mr. HINSON yielded his time to Mrs. HECKLER.)

The CHAIRMAN pro tempore. The Chair recognizes the gentlewoman from Nebraska (Mrs. SMITH).

(Mrs. SMITH of Nebraska asked and was given permission to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Chair-

man, I rise in opposition to the amendment offered by the gentleman from Massachusetts (Mr. SHANNON). In recent weeks, I, like all of you, have been bombarded by conflicting reports concerning the importance of cattle hides to the leather industry.

Regardless of whether the cost of a hide contributes 5 percent to the cost of making a shoe as some reports say, or 40 percent, as others claim, the fact still remains that shoe prices have not shown a decline since 1965, according to the Bureau of Labor Statistics, while cattle numbers and prices, on the other hand, have undergone great fluctuation throughout the years.

In fact, the price of hides has actually decreased 45 percent from their highs earlier this year. But have we seen a decrease in the price of leather products? Obviously not; only increases. This indicates to me that there must be other more costly production inputs than leather.

I sympathize with the leather industry in light of the difficulties it has in obtaining access to markets in other countries. However, let's not solve its problems at the expense of other Americans, including cattlemen and all consumers.

I am actually amazed that we are even considering this type of legislation. It seems we would have learned by now what effect Government tampering has on agricultural commodities. Cattlemen are just now recovering from severe economic losses in which the beef price freeze of 1973 played a large part.

Beef producers need all the encouragement we can give them in order that they will continue to take the risk of rebuilding their herds. If this amendment is passed, it will most surely mean reduced prices for domestic hides. The decreased prices will not be absorbed by meatpackers as they are already operating on a very thin profit margin. These losses in revenue can only be passed on. They would be and are being passed on in the form of reduced feedlot prices to cattle producers, which will discourage meat output and result in subsequent increases in meat prices to consumers.

Most of my colleagues will agree that meat prices are determined by supply and demand. I ask you, assuming demand stays the same as predicted, what about supply? Do you think that cattlemen will raise more calves when they see the price of their finished product going down? No, of course not. American cattlemen are sick and tired of Government regulation and meddling in the meat industry.

According to the USDA task force report of July 1979, the proposed export controls would result in a \$30 to \$40 decline in the average wholesale price per hide. This in turn would mean a \$17 to \$23 reduction in prices offered to the producer of a live animal. This would be disastrous because of the deterioration of the current hide price situation.

Hides bring only about \$30 each to farmers now, down from \$54 each earlier in 1979. Moreover, Japan and South Korea are reporting unduly large inven-

tories of hides. Choice slaughter steer prices have already declined from their April high of near \$78 per 100 pounds to \$68.45 per 100 pounds today, September 18, 1979. The additional \$17 to \$23 reduction per animal from export controls would translate into a \$2 per 100 pounds additional drop. An embargo at this time would be completely unjustified.

The important point is that the break-even costs for cattle to be marketed this fall, which are in the feedlots now, has risen to about \$75 per 100 pounds on the hoof—well above present live cattle prices—without even taking into account the additional \$2 per 100 pounds drop from proposed export controls. Thus, producers already face another loss position.

As most of you know, agricultural products are one of the few commodities that help our deplorable balance of trade. Cattle hides play a surprisingly large role in trying to improve that balance of trade. In 1979, an estimated 19 to 20 million hides worth \$600 to \$800 million will be exported. This is down from 1978 when 24.8 million hides were exported worth \$687 million and up almost 50 percent from 13.6 million hides 10 years earlier worth only \$100 million. Let us not jeopardize this valuable export product.

In closing, I suggest that we let the leather industry compete on the open market like the cattle industry does, and try to solve the leather industry's problems through other means, such as reducing inflation, Government imposed costs, and trade barriers abroad. I urge your support in the defeat of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas (Mr. SEBELIUS).

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

Mr. SEBELIUS. Mr. Chairman, the thing that bothers me most about amending the Export Administration Act to limit hide exports is that it shifts a problem from one economic segment, the leather goods manufacturing industry, to another economic segment, the cattle industry and the consuming public.

This amendment does not solve the problem. The problem is not the availability of hides, it is the price. The only fair way to reduce the price of hides is to increase production.

Earlier, Mr. GLICKMAN and I sent a copy of the USDA task force report on the hide problem to every Member of the House of Representatives. On pages 27 and 28 of that report you will find an explanation of why I oppose this amendment. Proponents of the amendment argued that controlling exports would not hurt cattle producers.

USDA disagreed:

A \$30 to \$40 decline in average U.S. hide prices would reduce the byproduct credit for a 1,000-pound steer by \$17 to \$23. Assuming that packers currently are operating on very tight margins (many packers recently reduced their operations by temporarily closing or laying off some of their workers because of low or negative operating margins), then they would be unable to absorb

this cut. This would mean that the packer would then offer \$17 to \$23 per head less to the producers for the live animal.

One reason why current slaughter is off so much is that cattlemen are now taking steps to rebuild herds. If they perceive lower prices in a negative sense, then rebuilding could be slowed. Near-term slaughter volume would remain a little above the level currently expected without their negative perception of this action.

Longer term supplies, however, would be lower, resulting in both reduced hide and meat supplies and higher prices. Consumers would pay more for both meat and leather products in the long run, given this reaction by cattlemen.

The USDA report also concluded that export controls would not solve the long-term problems confronting the leather products manufacturers. The problems of low productivity and competition from imported leather goods would still remain.

What could consumers expect from a hide export embargo? According to USDA, a 40- to 50-percent decline in hide prices could result in only about a 2-percent reduction in wholesale footwear prices. USDA did not think this would happen:

However, prices for leather goods are not likely to decline, even if average U.S. hide prices were to drop substantially. In years past, when hide prices rose sharply, prices for leather goods did not increase as rapidly as hide prices. On the other hand, prices for leather goods have not declined when hide prices fell. For example, since 1965 there has not been a decline in the quarterly index of wholesale footwear prices as reported by the Bureau of Labor Statistics.

In the longer run, prices of domestic leather goods would continue to rise. Domestic manufacturers have found it increasingly difficult to compete with foreign manufacturers. U.S. export controls on hides would cause prices of foreign produced leather goods to rise and this would help domestic manufacturers better compete with the foreign manufacturers by allowing them to raise prices on domestic products.

Mr. Chairman, this does not sound too much like helping consumers to me. Instead, we could be helping the leather manufacturing industry raise prices. At the same time, we would be discouraging domestic cattle production, leading to declining supplies of and higher prices for beef and leather.

In recent weeks, domestic hide prices declined almost 50 percent, from 90 cents per pound on June 1, to 51 cents now. For that reason alone I question whether this amendment is necessary.

There are other reasons, too. We need to look at what already has been done to help this industry. The United States and Argentina have negotiated an agreement which will put 14 million to 16 million additional raw cattle hides on the world market. U.S. tanners will be able to buy these hides. Passage of this amendment would nullify this agreement, I am told.

The special representative for trade negotiations also has asked Brazil and Uruguay to increase their hide exports. I understand negotiations are continuing. Passage of this amendment certainly would destroy this initiative.

The United States has negotiated orderly marketing agreements with Korea and Taiwan under which these two coun-

tries agreed to limit exports of nonrubber footwear to the United States. The restraining period runs through June 30, 1981.

In addition to these agreements, the President directed the Economic Development Administration to fund a program to revitalize the nonrubber footwear industry. Under the Trade Act of 1974, firms from any industry injured by imports can receive financial and technical assistance if they meet the statutory criteria of the act—declining employment coupled with declining sales or output. To date, more than two-thirds of the 130-150 firms estimated to qualify for benefits have been certified eligible.

Foreign purchasers acknowledge they overbought this spring and will be eliminating or reducing further purchases for the remainder of this year.

In short, Mr. Chairman, this amendment is not needed, will not help the leather products industry over the long term, and will hurt the national economy and balance of trade now and in the future. I urge the defeat of this amendment.

Thank you.

AMENDMENT OFFERED BY MR. ERTEL TO THE AMENDMENT OFFERED BY MR. SHANNON

Mr. ERTEL. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. ERTEL to the amendment offered by Mr. SHANNON: Add the following sentence before the closed quotation marks at the end of the amendment: "The Secretary of Agriculture shall, by exercising the authorities which the Secretary of Agriculture has under other applicable provisions of law, collect data with respect to export sales of animal hides and skins."

Mr. ERTEL. Mr. Chairman, the amendment offered by the gentleman from Massachusetts (Mr. SHANNON) and the gentleman from Kentucky (Mr. CARTER) is an extremely important one for our domestic leather products industries. As the other hide-exporting nations have closed their doors on the international demand to satisfy their own needs, the United States has become virtually the only exporter of hides. This has meant that at a time when we have experienced a short-kill in cattle—which is the source of hides—the international demand for these fewer hides has increased dramatically. This has resulted in spiraling prices for hides. It has not only reduced the availability of hides, but it has also placed hides out of the reach of many of our leather-products industries—not to mention their customers. Immediate action is needed to prevent the loss of many of our jobs and businesses—action of the type offered in the Shannon/Carter amendment.

The amendment is a fair one. We are not dealing with an open and free international market. Instead, it is one of forced and contrived shortages through the actions of other nations. By the adoption of the amendment we are simply acknowledging the fact that at a time of distorted market pressures, we must insure that our own industries are not destroyed because of the selfish actions of other countries. We are not the cause of the international shortage, but

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we must live with it and deal with its consequences.

We are not closing our doors as other nations have by adopting the Shannon/Carter amendment. We will continue to supply the world market with the same percentage of our domestic hide supply that we have in the past. Any international scarcity is not of our doing, but our actions may motivate nations which import hides to vigorously encourage the former hide exporting nations to again open their doors for free and fair trade. We have attempted to do this through the Office of the Special Trade Representative. Unfortunately, we have met with no success. We must not allow our own industries to be destroyed because others have chosen to close their markets.

Mr. Chairman, my amendment to the Shannon/Carter amendment is meant to insure that timely and accurate information on the supply and demand of our hides is available to both the administration and our domestic industries. This is important so that the provisions of the Shannon/Carter amendment can be effectively carried out.

I would point out that the Secretary of Agriculture currently monitors the market and supply of various grains. This amendment would not require the creation of any new process. It simply places hides among those items which are routinely monitored by the Department.

Without the monitoring of hides which would be required by my amendment, the provisions of the Shannon/Carter amendment would have to be implemented on past data modified by historical trends. Given our past experiences of major fluctuations in this market, it is important that we have timely and accurate information upon which to implement the provisions of the Shannon/Carter amendment. Therefore, I urge my colleagues to adopt this perfecting amendment to the amendment, and I urge the adoption of the Shannon/Carter amendment.

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

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

Mr. SHANNON. Mr. Chairman, I have no problem with the gentleman's amendment. I think it perfects my amendment, and I intend to support it.

Mr. ERTEL. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma (Mr. ENGLISH).

Mr. ENGLISH. Mr. Chairman, I think one thing must be kept in mind with regard to this particular amendment—namely the situation facing the cattlemen.

There is no question, as a result of the Nixon price freeze on beef in 1973 that drove cattle prices to disastrously low levels.

I think we should look at exactly what took place with regard to the leather industry after 1973. Between 1973 and 1978, with extremely low cattle prices and cheap hides, shoe production declined 3 percent in the United States.

Clearly cheap hides did little to assist the shoe industry. Early in 1979 the price of hides rose along with cattle prices bringing about this amendment, but since May hide prices have dropped 45 percent.

We should also keep in mind, as pointed out by the gentleman from Iowa, that leather makes up less than 10 percent of the price for shoes produced in this country, therefore cheap hides do not mean cheap shoes. In fact, the best way of reducing the price of hides is to encourage cattlemen to produce more which also assists the consumer of meat. Good cattle prices today are encouraging cattlemen to expand their herds but we should also keep in mind it takes nearly 3 years to produce those hides and that beef for tomorrow's market. An error in adopting the Shannon amendment and therefore encouraging cattlemen to possibly reduce the size of their herds will take years to correct.

I strongly urge the defeat of the Shannon amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, looking very short term, this amendment might fit the bill as something we want. Because of those short-term policies we have the problem we have now in agriculture. It is the same short-term policies like the Nixon price freeze and the increase in beef imports that has gotten us into our present condition where there are not enough cattle to provide the sort of prices the shoe industry wants to pay for the hides they need.

Mr. Chairman, let us not be shortsighted in looking at the problems with which we deal here today. Let us look at the long term, let us look at those policies that will encourage the investment of the cattlemen in the industry so there will not be the shortage of the raw materials we need.

For that reason, Mr. Chairman, I urge voting against the Shannon amendment.

The CHAIRMAN. The Chair recognizes the gentlewoman from Maine (Mrs. SNOWE).

(Mrs. SNOWE asked and was given permission to revise and extend her remarks.)

Mrs. SNOWE. Mr. Chairman, it seems we have heard a number of different problems here today regarding the cattle industry and the shoe industry. I believe there are certain issues which have been overlooked. Insofar as the export of hides to other countries and trading with other countries is concerned, other countries in fact restrict their own export of hides in order to protect their own domestic industry.

Mr. Chairman, should we clearly sacrifice our interests, the consumers' interests, the workers' interests, the industry's interests to the anticompetitive nature of other trading partners? Where is the trading equitability in this whole formula? We are not only talking about 20,000 employees in Maine working in the shoe leather industry. We are also talking about 400,000 workers across the country. Where is the trading equitability,

where is the reciprocity? I think that is what we are talking about here today.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Chairman, I would like to restate what we pointed out earlier in this debate. The farmer is getting a bum rap in this with some phony statistics. The price of cattle hide has gone up 12 cents in the last year, from 61 cents in Chicago to 73 cents. As I said earlier, I do not have more than 2 pounds of leather in my pair of shoes. That is 24 cents additional. If we want to put a lid on hide prices, we increase what the farmer has to get for the other parts of the steer. I do not think too many Members of this body want to increase the price of hamburger and a host of other things.

Mr. Chairman, I think also it is a bum rap because every steer hide produced in this country is there for the bidding of the local leather industry before it can go overseas. Finally, I think someone should very earnestly point out that the return on the hide is three times the average profit the farmer-feeder makes on the entire steer and to jeopardize that is not playing fair with the feeding industry in this country.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota (Mr. ABDNOR).

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

Mr. ABDNOR. Mr. Chairman, I, too, want to merely point out that if anyone with an open mind has been following this debate they certainly will have to recognize the fact that the price of hides is a very, very small part of the shoes you are wearing. It is quite easy to try to make a fall guy out of someone on the rising prices.

Prices are going high and I think there is plenty of blame for everyone to share. I think we should stop and think of this very carefully before we start to destroy another major industry of this country that has just started to make something of a small recovery.

Mr. Chairman, I rise in strong opposition to the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Wyoming (Mr. CHENEY).

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

Mr. CHENEY. Mr. Chairman, I rise in opposition to the amendment. I think the basic fundamental principal here has been well stated by the gentleman from North Dakota. The fact of the matter is that the shoe industry in America today has difficulties. It has a lot to do with things other than cattle hides. The fact of the matter is this is a blatant attempt to use the power of the Federal Government to advantage one sector of the economy by disadvantaging the other, by placing restrictions on our capacity to sell our agricultural exports overseas. I hope the amendment will be defeated. I think it deserves to be defeated overwhelmingly.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. HANCE).

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

Mr. HANCE. Mr. Chairman, I rise in opposition to the Shannon amendment. I think the main thing we need to consider is last year we had a trade deficit in this country of approximately \$30 billion. Had it not been for agricultural products we would have had a trade deficit of over \$60 billion. The end result of this amendment if it is passed will label us an unreliable supplier of agricultural exports, even though cattle hides make up but \$600 million of our exports. It will label us in all agricultural products and I think that is the main thing that should be taken into consideration.

I urge a no vote on the Shannon amendment.

□ 1650

The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. KRAMER).

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

Mr. KRAMER. Mr. Chairman, I rise in opposition to the amendment.

We cannot afford to undermine our ranchers and farmers any further. Each year more of our family farms and ranches go under because they cannot keep up with inflation and Government-imposed costs.

Yet, the Congress now contemplates restricting the market for cattle products.

The fact of the matter is that U.S. tanners are free to buy as many hides as they can use. But, instead of rising to the challenge of competing with Italian shoe manufacturers for this material, they seek to bludgeon their own hard working fellow Americans who work long hours, often rising before dawn, protecting and sheltering their breeders in the harsh winters that grip the rangelands.

Cattle ranchers work hard to produce the beef and hides that pay their mortgages, medical bills, and equipment payments, and taxes. Their margin of profit is very tight.

It is worth noting that only 15 to 20 percent of the price of a pair of shoes in the United States is materials. Most of the cost is labor, transportation, manufacturers' profits, and others.

U.S. hides can be an important source of offset for our balance of payments. Our unequal balance of payments continues to drain away the strength of the American dollar. Hide exports represent a part of that battle to become a net exporter. According to the National Cattlemen's Association we exported \$685.7 million worth of hides in 1978. That makes up for a lot of Fiats and Toyotas.

Let me emphasize the point that if our shoe industry is successful in imposing these restrictions on the cattle raisers markets then as the family farms and ranches disappear with increased frequency, there will be even fewer hides to purchase.

Since when has restricting the market for anything ever increased its supply?

Under the proposed restrictions the American rancher will either have to

increase his on-the-hoof price to make up for his lost market for hides, or else go out of business. Either way the American consumer will lose if the heavy hand of big Government is placed on this already hard-pressed segment of our economy.

The Congress should not undertake to pit one segment of our economy against another. We certainly should not undertake to increase the price of beef for American families by artificially forcing down the price of hides. I urge my colleagues not to contribute to the inflation rate of yet another commodity—meat on the table.

The CHAIRMAN. The Chair recognizes the gentleman from Montana (Mr. MARLENEE).

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

Mr. MARLENEE. Mr. Chairman, I rise in opposition to this sham, this self-interest amendment brought to this floor by an industry interested in buying cheap hides at the expense of the producer. There is no shortage of hides but a shortage of willingness to compete.

The price of a hide has little bearing on the price of a pair of shoes. The livestock industry could give these hides away and the price of shoes would remain the same.

To support this self-interest bill is to support a raid on the economy of an industry, a war on the West.

(By unanimous consent, Mr. MARLENEE yielded the balance of his time to Mr. JOHNSON of Colorado.)

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska (Mr. BEREUTER).

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

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the gentleman's amendment.

Mr. Chairman, I represent what is probably the largest cattle slaughter district in the United States. My constituents have seen hide prices drop over 19 percent from their high earlier this spring and they continue to go lower. June 1 price was 90 cents per pound compared to a price of 73 cents today. To restrict exports of hides would most certainly have a negative reaction on the cattle industry. If cattlemen perceive lower prices, then rebuilding herds most certainly will be slowed. This could only result in a cost increase for consumers in meat products, as well as other beef byproducts.

Mr. Chairman, with regard to helping the ailing shoe industry, I like to quote from a USDA task force report on this matter:

In the longer run, prices of domestic leather goods would continue to rise. Domestic manufacturers have found it increasingly difficult to compete with foreign manufacturers. U.S. export controls on hides would cause prices of foreign produced leather goods to rise and this would help domestic manufacturers better compete with the foreign manufacturers by allowing them to raise prices on domestic products.

Mr. Chairman, if we are to believe the Department of Agriculture, it appears to

me that by accepting this amendment, we will be increasing prices, rather than trying to keep them down, and Mr. Chairman, that can only mean bad news for the cattlemen, as well as the consumer. I wholeheartedly urge all my colleagues to reject this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. JOHNSON).

(Mr. JOHNSON of Colorado asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON of Colorado. Mr. Chairman, one point that has not been raised yet is why the period of 1974 to 1978 is regarded as the historical period. That is a diabolically chosen period of time. Why not 1965 to 1969 or any other similar time? Why 1974-78?

Well, the reason is that because at that time we had the highest level of cattle herds that we have had in the United States and we had the liquidation of the herds going on at that particular time. What final effect this 1974 to 1978 period of time will have on our future exports of hides is really unknown now but it will be damaging to the cattle industry.

During that period, 1974 to 1978, the cattlemen went broke across the West in huge numbers. They are just now beginning to recoup and this kind of special interest legislation is the most unfair kind of legislation that is imaginable.

We are trying to subsidize one industry by removing their foreign market and creating a buyer's market locally. It is unfair, it seems to me, to penalize one segment of the economy to try to benefit another segment of the economy. If you want to subsidize the shoe industry, subsidize it, take care of it, but do not subsidize it at the expense of the cattle industry.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. FOUNTAIN).

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

Mr. FOUNTAIN. Mr. Chairman, I yield to the gentleman from Oklahoma (Mr. WATKINS).

Mr. WATKINS. Mr. Chairman, I thank the gentleman from North Carolina.

I rise in opposition to the Shannon amendment.

I would like to say, any person who is in favor of this amendmet will actually be endorsing the rising prices in the cost of meat over the meat counter. As most of us know, the cattlemen in this country have been losing money for 4 years. As a result, today they are finally moving into an area where they might be able to see a break even point and be able to pay back some loans and some notes at the banks. If they see a decrease in the price of hides occur in this country, they are going to find that they cannot meet those feed bills and find themselves in an even more desperate position. As a result, they are going to cut their herds and that will increase the price at the meat counter and every consumer in this country is going to have to pay it. I think that point needs to be considered when making your decision. I urge you to vote no.

The CHAIRMAN. The Chair recog-

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nizes the gentleman from New Hampshire (Mr. D'AMOURS).

(Mr. D'AMOURS asked and was given permission to revise and extend his remarks.)

Mr. D'AMOURS. Mr. Chairman, I have sat here and listened to this debate. It occurs to me that there are some misrepresentations being made; but more importantly, the entire point of what we ought to be debating is being missed. I hope this issue does not resolve itself into a determination of whether we have more cowboys than cobblers in this country, or wealthier cobblers than cowboys, or vice versa.

The question is fair trade. That is what everybody is purporting today to defend.

I will acknowledge that I have some of those, almost half a million leather workers, including shoe workers, living in my district. I will acknowledge that recently a seal tannery in my hometown was closed partially because of this problem and some 200 people were put out of work; but let us keep our eye on the important point. That is whether or not we are fairly or unfairly acting in this respect.

We produce 15 percent of the hides in world commerce. We export approximately 70 percent of all the hides in international commerce.

This amendment does not ask for anything untowardly. This amendment says let us cut that back to about 56 percent. It is pretty generous when you consider that the other major producers of hides, Brazil, exports none, Uruguay none; Argentina none, except until recently.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. BOLAND).

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

Mr. BOLAND. Mr. Chairman, the industries in this country that use cattle hides are currently facing a supply crisis. In the last 3 months, more than 80 percent of the cattle hides produced in this country have been exported. This mass exportation of hides has left the leather-using industries of this country without their basic raw material to insure a supply of hides to the U.S. shoe and leather industries. Failure to provide relief for these industries will mean the end of thousands of jobs, bring economic disaster upon many communities with large shoe and leather operations, and cost the American consumer millions by forcing them to purchase expensive imported footwear.

I believe we must act to control the number of hides available for exportation. The amendment offered by Mr. SHANNON of Massachusetts would bring hide exports back to the more reasonable levels of 1973-77. As other nations have closed off hide exports, the United States has become virtually the only major supplier of hides to the world. This country produces 15 percent of the world hide supply, but provides more than 75 percent of the hides traded on the international market. This is an unfair game and U.S. industry and U.S. consumers are getting clobbered. The Shannon amendment would bring stability to

the hide supply available for use in this country.

More than 1 million Americans are employed in leather-using industries. We must act here and now to protect these jobs. No one likes to use export controls to correct a difficult market situation. However, in this case we have no choice. These controls would be lifted when either of two basic events occur in the cattle hide market: First, other hide-producing nations renew their exports, or two, domestic supply exceeds domestic demand. These provisions will insure that these controls will be lifted when the current, unfair hide situation is corrected. I urge my colleagues to support this important amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. FOLEY) for 5 minutes.

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

Mr. FOLEY. Mr. Chairman, I think we ought to deal a little bit in statistics which I realize Members are tired of hearing cited. But to be fair about it, in the debate today confusion has arisen as to the difference between the cost of hides and the cost of leather. The price of shoes is not controlled only by the cost of the raw price of hides to manufacture the shoes. I do not deny that the \$8.80 cost for leather for a shoe that sells for about \$53 at retail has increased approximately \$4.40 in the last 5 years which is not insignificant. But this increase in the raw price of hides is not responsible for \$130, \$140, or \$160 shoes, as the gentleman from Pennsylvania suggested a few moments ago.

Also, it is unfair to suggest that by creating a forced and unnatural depression in the price of hides, somehow 400,000 leather and shoe manufacturers are going to have their jobs saved and the shoe industry is going to suddenly have a prosperous and bright future.

The shoe and leather industries have other problems, grave endemic problems that are not occasioned by the rise in the price of hides.

Indeed, the Department of Agriculture statistics, which the gentleman from Massachusetts quotes, indicate that the cost of leather has only been a little bit higher than the general cost of manufacturing the shoes.

□ 1700

For indeed, this amendment creates a special price control on hides. It singles out this one product in this one industry and, for the first time in an amendment to the Export Control Act specifically restricts a nonstrategic product from export.

The suggestion has been made that we are being exploited by other countries, because they have cut off the supply of hides for export. Argentina has recently announced that it will permit exports. Canada permits exports, New Zealand permits exports, and Australia permits exports. All of those countries are major producers of hides.

It is said that while we produce only 15 percent of the world's hides, we export 70 percent. Time and time again I could quote similar figures with respect

to our agricultural products. We only produce a fraction of the world's wheat. We produce half as much as the Soviet Union. We are not the biggest wheat producer, but we are the world's biggest wheat exporters, just as we are of many agricultural products. And thank God we are, because these and others are making it possible to keep the dollar afloat—barely afloat.

If we start a process of protecting every industry with restrictions on exports, we are being just as protectionist as if we limit imports. For while it may be protectionism in a less familiar form, it is protectionism all the same; the cost will be an ever increasing weakness of the dollar abroad and more inflation at home. Sam Rayburn used to say, "When you are in doubt, vote your district."

Most members are not in much doubt about that amendment if their districts include many shoe manufacturers or cattlemen. I make no appeal to them, because they know how they will vote on this issue. I respect their judgment and sense of responsibility to their constituents. That is part of what it is to be a Representative in this House.

I do want to talk for a moment, however, to those Members who neither represent great cattlemen's associations nor have great numbers of shoe or leather manufacturers. To Members in that group who may be in doubt, I would suggest that they consider this issue in a wider framework than as an issue particular to shoe or the leather industries on one side and the cattle industry on the other. Instead, I would suggest they think about our future as a trading nation; the consequence to the strength of the dollar; and the course of inflation if we continue to decline as a major trading nation.

I suggest the Members think about the danger that this innocent-sounding amendment may well become just the first of a long long line of amendments, presumably to protect a particular company or industry, then a group of workers, and so on. It will be difficult to say no to any company, any union appealing for special help.

And what of the dollar, of inflation, of the role of this country as a trading nation? I can see a very bleak export future for our Nation, if we approve this amendment today.

Mr. Chairman, I admire the gentleman from Massachusetts (Mr. SHANNON). I know he is representing his district with sincerity and great effectiveness and yet know that many stand with him. I would hope that every Member who does not feel compelled by constituency or commitment to vote for this amendment would stand with those of us who plead for a broad or national and world economy; for the free and expanding trade that has made this country great in the past and offers us the only hope for economic development and prosperity in the future.

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

Mr. FOLEY. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I thank

the distinguished chairman of the Committee on Agriculture for yielding.

I think the gentleman has made a splendid statement. It is one which I wholeheartedly endorse, and I hope, too, that the House will listen to the gentleman's suggestions.

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

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

Mr. PICKLE. Mr. Chairman, I want to add my comments to those of the gentleman in the well. He has made one of the most impressive comments I have ever heard on this question.

Mr. Chairman, the restrictions and protection which would be imposed on U.S. hide exports by this amendment are not what is needed at this time. The U.S. leather-goods-producing industries are having a difficult struggle at the present, but it is not clear that this amendment would be the answer to their prayers and solve their problems. There are other courses of action which would relieve their situation.

The U.S. leather-goods industry is suffering from a severe shortage situation caused by rapidly rising prices for raw cattle hides and a simultaneous short supply of those hides. This situation is the result of the United States shipping abroad a large percentage of its raw cattle hides. But it is also largely a result of the crisis which hit the U.S. cattle industry recently which caused severe cut-backs in herds.

It is very likely that this high price/short supply situation is one which will soon evolve its own solution without any legislative action from this body.

The U.S. cattle industry is now in a state of rebuilding. Within a year, or a year and a half, or 2 years, this cycle of rebuilding should be well on its way and hides should be more plentiful. In addition to this, already we have seen a drop in hide prices from the heights they reached this spring. Why do we need the restrictions on exports this amendment would impose if these restrictions might harm us in the international marketplace, and if this situation will very likely resolve itself without our action?

This summer we dealt with the multilateral trade bill. The point of that bill and the international negotiations behind it, was to make international trade take place in a freer market. However, no sooner have we voted "aye" on that "free trade" bill than we have turned around and tried to place all sorts of special-interest restrictions on our exports and imports. This is hardly in the same spirit of that trade bill.

The cattle people have asked less from their Government than any industry in America. Even when prices have been the lowest, and the cattlemen are being hurt the worst, still the cattlemen have "hunkered down" and rode out the crisis. We ought to help the cattlemen now. Passing this amendment further hurts the cattle industry. It should not be passed. There are better ways to help the leather industry, and we should pursue those courses. We do not help our country by restricting exports. Thank goodness.

Mr. FOLEY. Mr. Chairman, I thank the gentleman from Texas (Mr. PICKLE) for his remarks.

(By unanimous consent, Mr. ERTEL yielded his time to Mr. D'AMOURS).

Mr. D'AMOURS. Mr. Chairman, I would like to caution my brothers in the House and my sisters in the House and state that the remarks just made about the new attitude of Argentina would not bear very close scrutiny, because we will find that agreement is in fact not an agreement. It is something they cancel at any time they desire to do so.

The question is, as the chairman of the Committee on Agriculture said, broader than provincial interests and broader than parochial interests.

Let me ask this of the Members: How can we be for fair trade if we are for unfair trade? We cannot have it both ways.

The basic figures have not been disputed. The fact is that this is not a free market, but that we are competing with absolute embargoes.

Mr. Chairman, I rise in support of this amendment to H.R. 4034, the Export Administration Act amendments of 1979, which will serve to relieve our domestic leather producing and consuming industries from discriminatory trade practices of other nations.

While this country produces only 15 percent of the world supply of cattle-hides, we provide 75 percent of the hides traded on the open market. Other major cattlehide producing nations—particularly Argentina, Brazil, Uruguay, and South Africa—severely restrict the exportation of their cattlehides so as to protect their domestic industries. We are not dealing here with an open marketplace which provides each participant the normal protection afforded by a competitive trade environment. In the instance at hand we are dealing with a marketplace which is by design injurious to that nation which allows its commodity to be traded freely throughout the world.

The discriminatory hide trading environment is hurting our domestic industries. With the closing of Seal Tannery in Manchester, N.H., 200 people have lost their jobs. Shoe shops are closing and consolidating operations. Retailers of domestic leather goods are finding their customers going elsewhere as a result of the higher prices. None of these industries are looking for protection from competition—they are looking for the establishment of a fair trading environment in which they can compete on an equal footing with other nation's manufacturers. The amendment before us will allow for the creation of such an environment.

The result of this amendment will not be to cut off completely the export of U.S. hides as other nations are doing. The amendment simply calls for limiting the number of U.S. hides to be exported so that enough are retained domestically for use by our industries. Our domestic industries require annually approximately 18 to 20 million hides, but if trade is allowed to continue as is, our industries will only have half this amount available to them. Further, these

limited restrictions will only remain in place until the other hide producing countries allow their hides to be traded on the open market or until the U.S. supply of hides increases sufficiently to allow all hide consuming nations to be satisfied. This measure is moderate and fair.

During the multilateral trade negotiations the problem of other countries embargoing their hides was raised by the U.S. negotiators—the concern of the United States fell on deaf ears. Since the fall of 1978 the special representative for trade negotiations has held talks with the governments of Argentina and Brazil in an attempt to persuade these countries to allow their hides on the world market. Again, little has been gained.

Earlier this session this body overwhelmingly passed the implementing legislation for the multilateral trade negotiations. It is viewed that one of the primary benefits to accrue as a result of this legislation will be the fostering of fair and reciprocal trade practices and thus the development of a truly competitive trade environment. The question before us is whether we are going to allow unfair, discriminatory, and non-competitive world trade practices with respect to hides or whether we are going to follow through with the spirit of the MTN's and through the enactment of this amendment provide ourselves with fair competition in the hide market. To choose the former is to allow for the continued indirect subsidization of foreign industries and jobs at the direct expense of 245,000 Americans employed in the leather manufacturing industry and the 180,000 Americans employed in the retailing of domestic leather products. In the spirit of fair trade I urge my colleagues to choose the latter and adopt this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. STENHOLM).

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

Mr. STENHOLM. Mr. Chairman, amplifying a little further on the remarks of the distinguished chairman of the Committee on Agriculture, let me say first that I associate myself with his remarks, and I want to make one additional point.

First, there is no shortage of hides. The domestic industry needs 18 million every year, but last year we shipped 39½ million and next year we will be shipping 37 million. There is no shortage of hides.

To those who contend there is an insatiable appetite for hides in many places such as Japan, let me state that that just is not so. That statement just cannot be defended when we see the prices of hides decrease from my district, because at this very moment the decrease is about 31 percent.

Anyone can contend that we have unfair trade and that there is something being perpetrated upon our domestic industry. But I happen to represent both cattlemen and manufacturers, those in the manufacturing business, in the boot

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and leather industry. The facts do not bear the contentions out.

Are we willing to reduce cattle income down to \$17 a head in order to reduce the price of shoes by 60 cents? We know these savings will never be passed on to the consumer. That is the basic issue. That is the issue that we have to contend with.

We can all look at the facts, and we may see cattle prices go down, but other prices do not go down. Once the prices go up, they do not come down because those people do not play under the same rules on that side as we do on the cattle end. We look at the facts and see that this has been the case time and time again.

Mr. Chairman, it is interesting to note that we can ship a hide from Houston, Tex. to Japan cheaper than we can ship that hide from Houston to Maine.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. HIGHTOWER).

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

Mr. HIGHTOWER. Mr. Chairman, what this country really needs is preferably an agricultural product that is in great demand worldwide, one that nobody in this country wants to have anything to do with. We need a product that we can raise and perhaps sell principally to the OPEC nations. That would really help our balance of payments.

But nobody in this country wants that. The problem is that if we grow it, if we raise it, or if we manufacture it here, it is going to have a domestic market, and those who are interested in protecting the domestic market are going to do it. The question is a matter of trade.

I wish to state my disagreement with my friend, the gentleman from Massachusetts (Mr. SHANNON), who says that the cattlemen are not concerned about this. They are very much concerned because they know to the penny how much that cow is going to bring on the hoof. That is going to be reflected in the price of the hide.

Mr. Chairman, I cannot resist saying that it is a question of asking whose ox is being gored.

The CHAIRMAN. The Chair recognizes the gentlewoman from Massachusetts (Mrs. HECKLER).

(Mrs. HECKLER asked and was given permission to revise and extend her remarks.)

Mrs. HECKLER. Mr. Chairman, obviously this afternoon we have heard a great deal about the cattle interests and about the shoe industry. I would like to say that the issue is one that goes beyond both of those issues.

I present for exhibit before this House a holster made in my district which sold last year at \$3.67; this year it sold for \$5.40. This is an increase of 47 percent.

Shoelaces sold by the dozen at \$6.81 last year and sold at \$11.70 this year. That is a 71.8 percent increase. A night watchman's clock case, which I did not bring with me but which we have for exhibit, increased in price from \$3.50 to \$10.50—a 200-percent increase.

These increases are directly related to the proportionate level of the export of hides, which has risen precipitously in the last few years—despite the declining size of the beef cattle herd. In 1975, cattle production peaked at 42.6 million head; dropped to 41.9 million in 1977; last year was only 39.5 million head; and in 1979 is expected to reach an 11-year low of less than 35 million cattle.

The United States exports a steady 24.5 million hides annually, leaving a decreasing supply for American needs. Domestic requirements for the United States are 18 to 20 million hides per year. In 1979 that means we will be between 8 and 10 million hides short—somewhere in the range of 40 to 50 percent of our needs.

The corollary to this shortage is an increase in price for the available hides. In December 1977, hides cost 38.2 cents per pound. In May 1979, the price was \$1 per pound. Companies that make leather products have been forced to pay top dollar in order to fulfill their long-term contracts and the price increase, as usual, has been passed on to the consumer.

Experts tell us that we cannot expect any relief from natural growth in the beef cattle herds until 1983 at the earliest. That is too long to wait. Potential jobs will be lost because contracts cannot be filled, because foreign imports underprice American products, and because consumers simply cannot afford to pay higher and higher prices for belts, handbags, shoes, luggage, and other leather products—not all of which are luxuries by any means.

Mr. Chairman, it is totally unfair to place the burden of shortages and the accompanying high prices on the consumer and I urge my colleagues to vote for the Shannon amendment.

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The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. MAVROULES).

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

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

Mr. MAVROULES. I yield to the gentleman from New Jersey.

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

Mr. RODINO. Mr. Chairman, I want to express my strong support for the amendment offered by my colleague from Massachusetts (Mr. SHANNON) to prevent the mass exportation of U.S. cattle hides. I am deeply concerned about the critical situation facing America's leather industry and its ultimate effects on American workers and consumers.

The dramatic increase in the exporting of American cattle hides has resulted in a severe shortage of hides for American leather industries. This situation is jeopardizing tens of thousands of jobs nationwide. In my home State of New Jersey over 8,000 workers—most of them from minority groups—are faced with losing their jobs in the leather industry because of the hide shortage.

Apart from my immediate and deep concern about the loss of businesses and employment in New Jersey and other States, I find it unconscionable that we continue a policy that contributes to our escalating inflation rate.

The price of cattle hides in this country has nearly tripled in the last year and a half, and the cost is ultimately paid by consumers.

Also, the trade deficit in our leather industry was over \$2.5 billion in 1978, nearly 10 percent of the entire U.S. trade deficit. All hide-producing countries except the United States have imposed strict controls on exporting hides.

Mr. Chairman, the Congress has the responsibility to do the same in order to protect American industries, workers, and consumers. I urge my colleagues to support this amendment.

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

Mr. MAVROULES. I yield to the gentleman from New Jersey.

Mr. MINISH. I thank the gentleman for yielding.

Mr. Chairman, I would like to say to my good friend, the chairman of the Committee on Agriculture, that he referred to the districts that sell the hides and he referred to the districts that have the shoe manufacturers. But what he forgot to say was that all of the districts wear shoes.

Mr. MAVROULES. Mr. Chairman, the tanners and leather manufacturers in this country are facing a crisis of alarming proportions. But much more is at stake here than the industry and the million plus people it employs, either directly or indirectly.

And much more is at stake here than a parochial, regional bone to fight over.

Simply put, the fortunes of the leather industry impact on all of us, as consumers and as a nation as a whole.

As consumers, we may very quickly arrive at the day when we cannot afford finished leather goods: Shoes, coats, handbags.

And as a nation, we need only look at our trade deficit to see what happens when our raw hides return from overseas as finished leather products.

The leather industry has arrived at its moment of truth.

But it is also our moment of truth in Congress to act now to limit the wholesale exportation of our cattle hides.

I am speaking today in support of an amendment that would do just that: Guarantee the Nation's tanners and leather manufacturers an ample supply of raw material.

And, more important, a fair market for these hides and the chance to compete with foreign buyers on equal footing.

But if we do not act favorably on this amendment—I am afraid—we will be responsible for perpetrating a disastrous price explosion in the leather goods market.

An explosion reminiscent of the early days of the OPEC price escalation in 1973.

Mr. Chairman, let me take a moment to reflect upon what looms for the tan-

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ning and leather industries—and our Nation—if we do not pass the Shannon amendment.

It is estimated that this year we will export 24 million hides out of a total domestic hides supply of 34 million. About 70 percent of our total domestic supply will leave our shores. This leaves about 10 million hides for domestic use, where 19 million are needed to keep the industry afloat, the plant gates open, and tanning and leather people employed.

If this point is not enough, consider the point that makes the leather situation a national issue.

I mentioned earlier the impact of imported leather products on our national trade deficit.

When our hides return as finished leather products, the Nation is \$2.5 billion poorer, equal to 10 percent of our total trade deficit.

I am certain that I do not have to remind my colleagues of the effect our trade deficit has on inflation and of all the words each of us has directed at this severe national problem.

I am also certain that now many of you can see the hides export issue as having national importance.

For passage of this amendment is a blow against skyrocketing inflation.

This year it is estimated that the average price of a pair of men's shoes will increase \$6 to \$10 at the retail level.

And the average price of women's and children's shoes \$4 to \$8 at retail.

Failure to pass the amendment means that women's boots will increase somewhere between \$12 to \$18 a pair.

Failure to pass the Shannon amendment, Mr. Chairman, means that a man's short leather jacket, which was \$30 higher last year than the year before, will be an additional \$30 to \$35 higher this year.

This litany of painful prices increases goes on and on.

If something is not done immediately to curb the mass exportation of raw hides, the resulting, higher leather costs could increase the amount spent by a husband, wife, and three children by \$100 a year per person.

Bringing their total expenditures for footwear needs to \$500 a year.

I ask any member of this body to tell me and the American public how any American can afford such costs.

Particularly when we consider that these will be placed on top of the highest energy costs in our Nation's history.

Mr. Chairman, we are the only country in the free world that allows such exploitation of a native raw material.

While we abide by the doctrine of a free market, other hides producing countries embargo their products and increase, at the same time, their finished leather exports to us.

This is the present situation, and little has been done to improve it, although we can count the Argentine accords as a success, it's a small one.

And a lot more needs to be done.

This amendment, which I am speaking in support of, can further improve the domestic tanning and leather industries' otherwise sagging future.

And produce not only a free world market for hides but, more important, a fair one.

This amendment does not embargo hide exports, as other countries do. It simply limits them to previously acceptable levels for sale on the world market.

And the amendment is not asking for a Government handout, for direct subsidies to this beleaguered industry.

It simply allows us to prevent the current shortage from every recurring.

Shortages that forced the price for a pound of leather to go from 37 cents in 1977 to 58 cents in December of 1978 to 73 cents a pound on the current market.

If we in Congress are serious about protecting American jobs, keeping the price of leather goods acceptable, and about turning our trade deficit around, here is our opportunity.

If the 96th Congress is serious about its campaign pledges to do something about inflation, let us pass this amendment and strike at a chief culprit. Our trade deficit, 10 percent of which is attributable to finished leather imports.

Let us help this industry back on its feet, for sure, but let us also help ourselves and the American public as consumers, giving ourselves the opportunity to continue buying leather goods—American leather goods—at reasonable prices.

Mr. Chairman, let us do all these things with the passage of the Shannon amendment limiting hide exports.

Thank you.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. LAGOMARSINO).

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

Mr. LAGOMARSINO. I yield to the gentleman from Mississippi.

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

Mr. MONTGOMERY. Mr. Chairman, I rise in opposition to the Shannon amendment; it certainly is an amendment against one industry, the cattle industry.

The cattlemen of this country have not asked for Government help when cattle prices and hide prices were down.

What they are asking is to leave the cattle industry alone and not punish one industry by this impaired amendment.

Supply and demand has always worked in this country and it will work again if the Government will not interfere and pass amendments such as this one being debated.

I urge my colleagues to vote against this amendment.

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

Mr. LAGOMARSINO. Mr. Chairman, I rise in opposition to the Shannon amendment. Adoption of the amendment would run counter to the efforts made by the United States to achieve broad agreement in the multilateral trade negotiations.

Our former trade Ambassador Strauss opposes export controls on hides. Japan, as the No. 1 customer, has already agreed to limit imports, and, as Strauss

argues, imposing controls now would only reinforce Japanese fears of the United States as an unreliable supplier.

The United States and Argentina have negotiated an agreement which will put 14 to 16 million additional raw cattle hides on the world market, and some of those, of course, will be available to U.S. tanners. It is obvious, as indicated in the past, that American hide production is far in excess of American demand for raw hides. Export controls are against our policy of free trade and they would hurt our balance of payments and raise the price to American consumers.

Following are two mailgrams from the trade associations in opposition to the Shannon amendment:

HOUSTON, TEX.,
July 16, 1979.

HON. ROBERT J. LAGOMARSINO,
House Office Building,
Washington, D.C.:

We understand a new bill or an amendment to the Export Administration Act of 1979 will be introduced to remove cattle hides from the category of agricultural products and therefore remove them from the jurisdiction of the Secretary of Agriculture and forcing cattle hides under mandatory export controls. This is being done because the Secretary of Agriculture has so far refused to certify a shortage of cattle hides because there is none. In fact, this country produces almost double the amount consumed by our leather industry. If this amendment passes, it will cost the consumer drastically in higher meat prices and increase our balance of payment deficits which we definitely do not need.

We ask your support in defeating this amendment or any new bill introduced which would allow this to happen. The following are some of the prestigious groups which are against this amendment:

National Farm Association, National Cattlemen's Association, National Grange, American Meat Institute, National Independent Meat Packers Association, Western States Meat Packer Association, National Renderers Association, National Hide Association.

We ask you to join in with these groups to defeat this attempt.

SOUTHWESTERN TRADING CO.

BOSTON, MASS., September 17, 1979.

HON. ROBERT J. LAGOMARSINO,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN: Defeat the Shannon amendment or any other effort to impose export controls on cattle hides—standby or otherwise.

We wish to update you on developments since our Mailgram of July 27, 1979. Since then the following has happened:

1. The United States and Argentina have negotiated an agreement which will put 14 to 16 million additional raw cattle hides on the world market. U.S. tanners will be able to buy these hides. Passage of the Shannon amendment would jeopardize this agreement.

2. Japan has now permitted greater imports of U.S. processed and semi-processed leathers. Passage of the Shannon amendment would jeopardize this.

3. Hide prices have declined 40 to 50 percent in the last 5 months—without the Shannon amendment.

4. It is obvious, as indicated in the past, that American hide production is far in excess of American demand for raw hides. Export controls are against our policy of free

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trade, and they would hurt our balance of payments, raise costs to American consumers and hurt American agriculture.

Vote "No" on export controls for hides.

Sincerely,

THE AMERICAN ASSOCIATION OF HIDES,
SKINS, AND LEATHER MERCHANTS.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. BINGHAM) to close debate.

Mr. BINGHAM. Mr. Chairman, I would just like to inform the Committee that this amendment was not offered in the Committee on Foreign Affairs and, therefore, the committee has taken no position on it.

I would further like to inform the Members, however, that the administration position is strongly in opposition to this amendment, and that includes the Department of Commerce, as well as the Department of Agriculture.

○ Mr. HANLEY. Mr. Chairman, I rise in support of the amendment offered by my colleague Mr. SHANNON, designed to alleviate the desperate situation in the domestic leather industry by restricting cattle hide exports to reasonable historical levels. The current problem is clear, and failure to act will only produce results in the leather industry which are equally clear. Simply stated, we are exporting an excessive amount of cattle hides, and as a result prices of domestic hides have skyrocketed in recent months. The net result will be disastrous inflationary increases in the price of shoes and other leather goods, and the potential closing of plants with the resulting loss in jobs. With inflation already running at double-digit levels, and this Nation in the early stages of recession, we have no choice but to take actions necessary to increase domestic availability and reduce prices. We simply cannot continue to supply the world with hides and in the process suffer increased inflation and economic dislocation at home. I strongly support our efforts toward freer world trade, but free trade is a two-way street. Either we must receive the assistance of other potential exporters, or we must act to restrict our own exports. Efforts to convince others to increase their exports have failed to date. We are, therefore, left with only one logical course of action.

By reducing our current exports to more reasonable historic levels we can hopefully assure adequate supply at home, while attempting to convince other potential exporting nations to shoulder their share of the burden. I urge the adoption of the amendment.

○ Mr. CLAUSEN. Mr. Chairman, the Shannon amendment to restrict the export of U.S.-produced cattle hides to a fixed percentage of our production attempts to deal with a delicate problem facing our domestic leather industry in an inflexible way that could foster inflation by driving up the costs of food, could have a negative impact on our balance of payments and could invite trade retaliation from many of our foreign trading partners.

The potential impact of the Shannon amendment is not known at this time. This is strong disagreement on whether it would be beneficial in the long run to

the U.S. leather industry and its adverse international consequences could be far reaching. This is not the time for the Congress to be legislating without a full understanding of what might result from our action.

I believe the gentleman from Massachusetts (Mr. SHANNON) has done a service by dramatizing the plight of America's leather industry and it seems to be the Congress must now carefully evaluate the various possibilities for strengthening and enhancing its competitive situation.

Today we are limited to either voting for or against export controls on hides. It is my intention to vote against my amendment because I believe a more thorough consideration of the issue by the appropriate Congressional committees could achieve some effective solutions for the leather industry without adversely affecting beef production and costs. I am certain a positive, flexible program could be adopted and implemented.

○ Mr. WAMPLER. Mr. Chairman, I am opposed to the amendment offered by the gentlemen from Massachusetts, Mr. SHANNON. This amendment would limit yearly U.S. hide exports to a percentage of total U.S. supplies that does not exceed a percentage of hide exports in relation to U.S. hide production during the base period of 1973-77. There is an exception to that provision which I also find objectionable.

The Secretary of Agriculture in a letter dated July 31, 1979, expressed his strong objection to the amendment offered by the gentlemen from Massachusetts. A pertinent portion of that letter I insert in the Record at this point:

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This amendment could result in arbitrarily restricting hide exports to a percentage of domestic production which is at or below the percentage exported during the base period.

The level of exports permitted would be based on past market conditions rather than the current supply/demand situation.

The foreign country most affected by export limitations on hides is Japan our largest single market for agricultural exports. These restrictions would further damage our credibility as a reliable supplier.

Reduced hide prices could have a negative effect upon the cattle producers and meat packing industry. It could discourage the rebuilding of domestic cattle herds.

I have also been contacted by Secretary of Commerce Juanita Kreps, who indicated that she was strongly opposed to any further trade restrictions such as that embodied in the Shannon amendment.

I oppose this amendment for the reasons expressed in the Dear Colleague letter which I sent to all Members of the House on July 26, 1979. The substance of that letter is as follows:

The tanners and footwear manufacturers allege that there is a shortage of cattle hides in the U.S. and seek hide export restrictions claiming that is the only way to hold down the price of shoes and keep jobs. How can there be a hide shortage when the footwear people maintain they need 18 million hides annually, and slaughter approximates 34 million cattle (hides) this year in the U.S.?

The footwear and tanning industry

charges are nothing new. In 1966 and 1972, both years following the liquidation side of the cattle cycle, similar restrictions were urged by tanners and footwear manufacturers. In both years their actions caused hide prices to drop; cattle prices also fell since the hide is the largest single by-product, but the price of shoes increased anyway.

In 1972, the Export Administration Act was modified so as to require concurrence of the Department of Agriculture should the Commerce Department recommend restricted exports of U.S. agricultural products including hides. This was a result of the problems caused by the restricted soybean exports to Japan and a licensing system of hide exports, also principally involving Japan.

There is a possibility that an effort will be made to amend H.R. 3043 that would take the form of removing the required concurrence of the Department of Agriculture should the Commerce Department decide to move to restrict hide exports or, for that matter, any agricultural commodity.

We feel that the integrity of the U.S. is at stake in being a reliable supplier in agricultural commodities in world trade. The question of agriculture's vital role in holding down our trade deficit is also "on the line."

The U.S. must retain those export markets that have been developed over the years. Therefore, we strongly urge you to join with us in defeating any attempts to amend H.R. 4034 in a way that would weaken the role of the U.S. Department of Agriculture in providing concurrence on the question of any agricultural commodity exports, including hides.

○ Mr. GUARINI. Mr. Chairman, I rise in support of Mr. SHANNON's amendment to H.R. 4034.

Although I personally look with disfavor upon controls in a free economy, I feel that the facts require action in the nature of Mr. SHANNON's amendment. His amendment is a reasonable approach to a problem which if allowed to persist threatens the viability of the American leather industry.

A number of firms located in my district are faced with a crisis due to the unprecedented increase in exports of cattle hides and the resulting escalation of prices. From December of 1977 to last May, the price of hides rose 154 percent. During the first 5 months of 1979, approximately 75 percent of our hides were exported with the result that our domestic leather industries were able to obtain only 50 percent of their needs from domestic sources.

Most other cattle-producing countries limit the exports of cattle hides. Brazil has refused to sell its hides while at the same time, has increased its sale of finished shoes to the United States by 50 percent. Although I have been heartened to learn of the agreement recently concluded by the Special Trade Representative with Argentina, which would gradually loosen its export controls, it is the only bright spot in what has been a difficult and frustrating climate for our domestic leather industry.

American manufacturers and workers deserve some assurance that there will be a continuity of supply. If it is not forthcoming, American manufacturers will be driven out of business because of their inability to compete both at home—against cheaper imports—and abroad in tightly regulated markets.

In particular, I would call to my col-

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leagues' attention the fact that in 1978, the deficit in the leather products industry was nearly \$2.5 billion, equal to 8 percent of the entire trade deficit.

Mr. Chairman, in closing, I would like to offer my strong endorsement for Mr. SHANNON's amendment. It will go a long way toward improving a very serious problem affecting 400,000 American workers, 8,000 of whom reside in my home State.

I urge my colleagues to adopt this amendment.

Mr. DIXON. Mr. Chairman, we are today faced with a problem derived from unfair and excessive purchases of American cattle hides by foreign nations. Statistics show that while U.S. cattle slaughter has been declining, foreign purchases of hides have been reaching an all-time high and domestic tanners can expect to get just one hide out of every four in the United States this year.

At a time when other hide-producing nations are holding back their supplies, while frantically scooping up all the U.S. produced hides, the United States is left as virtually the only Nation which gives free-buying access to its unfinished hides. Other major hide producing countries such as Argentina, Brazil, Mexico, and India and Pakistan, all close their borders in order to protect their own leather good industries, their workers and consumers. We are further informed that the United States was the source of 75 percent of the cattle hides exported by all countries in 1978 while exporting just \$234 million in finished leather and leather goods for the same year.

I believe that we must adopt this amendment to insure that the more than 500,000 men and women who work in all facets of the leather goods industry keep their jobs and that the American consumer does not have to pay an arm and a leg for leather goods. I urge my fellow colleagues to vote for this amendment.

Mr. EDWARDS of California. Mr. Chairman, with regard to the Shannon amendment to H.R. 4034 limiting U.S. exports of cattle hides, I voted "present" because a company in which I own common stock has a small herd of cattle.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. ERTEL) to the amendment offered by the gentleman from Massachusetts (Mr. SHANNON).

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. SHANNON), as amended.

The question was taken; and on a division (demanded by Mr. FOLEY) there were—ayes 29, noes 45.

RECORDED VOTE

Mr. ERTEL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 186, noes 218, answered "present" 2, not voting 28, as follows:

[Roll No. 479]

AYES—186

Addabbo	Fowler	Nowak
Albosta	Garcla	Oakar
Ambro	Gaydos	Oberstar
Anderson,	Gephardt	Obey
Calif.	Gilman	Patten
Andrews, N.C.	Goodling	Patterson
Annunzio	Gray	Perkins
Applegate	Grisham	Petri
Ashbrook	Guarini	Peyster
Aspin	Gudger	Preyer
Atkinson	Hall, Ohio	Price
Bailey	Hall, Tex.	Fritchard
Bauman	Hamilton	Quillen
Beard, R.I.	Hanley	Rahall
Beard, Tenn.	Hawkins	Railsback
Benjamin	Heckler	Rangel
Biaggi	Holt	Ratchford
Blanchard	Holtzman	Reuss
Boland	Hopkins	Richmond
Boner	Horton	Rinaldo
Bonior	Hughes	Ritter
Bonker	Hyde	Rodino
Bouquard	Jacobs	Roe
Brodhead	Jenkins	Rostenkowski
Broomfield	Jones, Tenn.	Roth
Broyhill	Kastenmeyer	Royer
Buchanan	Kildee	Russo
Burton, John	Kostmayer	Satterfield
Butler	Latta	Sawyer
Byron	Lederer	Scheuer
Chisholm	Lee	Schulze
Clay	Lehman	Seiberling
Cleveland	Leland	Sensenbrenner
Clinger	Lent	Shannon
Collins, Ill.	Luken	Shuster
Conte	Lundine	Slack
Conyers	McDade	Snowe
Cotter	McEwen	Solomon
Coughlin	McHugh	Spellman
D'Amours	McKinney	St Germain
Daniel, Dan	Maguire	Stack
Davis, Mich.	Markey	Staggers
Dellums	Marks	Stewart
Derwinski	Mavroules	Stokes
Devine	Mikulski	Stratton
Diggs	Miller, Calif.	Studds
Dingell	Miller, Ohio	Swift
Dixon	Mimeta	Vander Jagt
Dodd	Minish	Vento
Donnelly	Mitchell, Md.	Walgren
Dougherty	Mitchell, N.Y.	Walker
Drinan	Moakley	Waxman
Duncan, Tenn.	Moffett	Weiss
Early	Mollohan	Whitten
Emery	Moorhead,	Williams, Ohio
Ertel	Calif.	Wirth
Evans, Del.	Moorhead, Pa.	Wolf
Evans, Ind.	Mottl	Wylie
Fary	Murphy, N.Y.	Yatron
Fenwick	Murphy, Pa.	Young, Mo.
Fish	Murtha	Zablocki
Florio	Myers, Pa.	Zeferetti
Ford, Tenn.	Nolan	

NOES—218

Abdnor	Campbell	Erdahl
Akaka	Carney	Erlenborn
Alexander	Carr	Evans, Ga.
Andrews,	Cavanaugh	Fascell
N. Dak.	Chappell	Fazio
Archer	Cheney	Findley
Ashtley	Clausen	Fisher
AuCoin	Coelho	Fithian
Badham	Coleman	Flippo
Bafalis	Collins, Tex.	Foley
Baldus	Conable	Forsythe
Barnard	Corcoran	Fountain
Barnes	Crane, Daniel	Frenzel
Bedell	Crane, Philip	Frost
Beilenson	Daniel, R. W.	Fuqua
Bennett	Danielson	Gibbons
Bereuter	Dannemeyer	Gingrich
Bethune	Daschle	Ginn
Bevill	Davis, S.C.	Glickman
Bingham	de la Garza	Goldwater
Bolling	Deckard	Gonzalez
Bowen	Derrick	Gore
Brademas	Dickinson	Gradison
Breaux	Dicks	Gramm
Brinkley	Dornan	Grassley
Brooks	Duncan, Oreg.	Green
Brown, Calif.	Eckhardt	Guyer
Burgener	Edwards, Ala.	Hammer-
Burlison	Edwards, Okla.	schmidt
Burton, Phillip	English	Hance

Hansen	McDonald	Skelton
Harkin	McKay	Smith, Iowa
Harris	Madigan	Smith, Nebr.
Harsha	Marlenee	Snyder
Hefner	Marriott	Solarz
Heftel	Martin	Spence
Hightower	Mathis	Stangeland
Hillis	Matsui	Stanton
Hinson	Mattox	Stark
Holland	Mazzoli	Steed
Hubbard	Mica	Stenholm
Huckaby	Michel	Stockman
Hutto	Mikva	Stump
Ichord	Montgomery	Symms
Ireland	Moore	Synar
Jeffords	Myers, Ind.	Tauke
Jeffries	Natcher	Taylor
Johnson, Calif.	Neal	Thomas
Johnson, Colo.	Nedzi	Thompson
Jones, N.C.	Nelson	Traxler
Jones, Okla.	Nichols	Trible
Kazen	O'Brien	Udall
Kelly	Ottinger	Ullman
Kemp	Panetta	Van Deerin
Kindness	Pashayan	Vanik
Kogovsek	Paul	Volkmur
Kramer	Pease	Wampler
LaFalce	Pickie	Watkins
Lagomarsino	Purseil	Weaver
Leach, Iowa	Quayle	White
Leath, Tex.	Regula	Whitehurst
Levitas	Rhodes	Whitely
Lewis	Roberts	Whittaker
Livingston	Robinson	Williams, Mont.
Lloyd	Rudd	Wilson, Bob
Loeffler	Runnels	Wilson, Tex.
Long, La.	Sabo	Wolpe
Long, Md.	Santini	Wyatt
Lowry	Schroeder	Wydler
Lujan	Sebelius	Yates
Lungren	Sharp	Young, Alaska
McClory	Shelby	Young, Fla.
McCloskey	Shumway	
McCormack	Simon	

ANSWERED "PRESENT"—2

Brown, Ohio Edwards, Calif.

NOT VOTING—28

Anderson, Ill.	Ford, Mich.	Rose
Anthony	Gismo	Rosenthal
Boggs	Hagedorn	Rousselot
Carter	Hollenbeck	Roybal
Corman	Howard	Treen
Courter	Jenrette	Wilson, C. H.
Downey	Leach, La.	Winn
Edgar	Lott	Wright
Ferraro	Murphy, Ill.	
Flood	Pepper	

□ 1730

The Clerk announced the following pairs:

On this vote:

Mr. Murphy of Illinois for, with Mr. Anthony against.

Mr. Flood for, with Mr. Jenrette against.

Mr. Pepper for, with Mr. Leach of Louisiana against.

Mr. Hollenbeck for, with Mr. Winn against.

Mr. CAMPBELL changed his vote from "aye" to "no."

Mr. WILLIAMS of Ohio changed his vote from "no" to "aye."

So the amendment, as amended, was rejected.

The result of the vote was announced as above recorded.

Mr. GILMAN. Mr. Chairman, I move to strike the last word.

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

Mr. GILMAN. Mr. Chairman, the passage of export legislation designed to streamline export procedure with the proper safeguards for our national security will contribute greatly to easing our economic ills. At the same time, bumper crops across this country prom-

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ise improved opportunities for foreign grain sales which make up such an important part of export earnings.

There is, however, one major concern that I must raise at this point. While American farms have hopefully been blessed with good harvests, world grain production is dramatically down, with bad crops in the Soviet Union and Brazil. Past supply crises and embargoes during the 1973-76 period have left clear imprints on the minds of the consumer through higher prices and farmers who shared little of the benefits from those vast grain exports.

At this point I would like to address a question to the distinguished chairman of the Subcommittee on International Economic Policy and Trade, the gentleman from New York, Mr. BINGHAM, with regard to this vital aspect of our export market.

Would the gentleman care to comment on the importance of grain exports as a part of our export earnings and share with us his thoughts on what is being done by our Government now and for the future to insure that adequate supplies of food grains, feed, and seed crops are available domestically without accelerating food price inflation as we seek to capitalize on the demand for food exports?

□ 1740

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

Mr. GILMAN. I will be happy to yield to my colleague, the gentleman from New York.

Mr. BINGHAM. Mr. Chairman, I would say to the gentleman that, of course, grain exports contribute greatly to our export earnings. I believe wheat is our single most important export commodity. Without the surplus of wheat beyond our domestic needs that our farmers have produced in recent years, our balance of trade and balance of payments deficits would certainly be much worse.

As to what we are doing to assure an adequate U.S. supply at all times and at moderate prices, I would say to the gentleman that the U.S. Government officially and formally monitors wheat supplies and wheat exports. That is done under the authority of this act and section 812 of the Agricultural Act of 1970. It is done on a weekly basis, and the reports are made public. Those reports apply to wheat flour, which is so important to our bakery industry, as well as to grain.

In addition, the Secretary of Agriculture is authorized to require exports to submit special reports on particularly large transactions. In recent years, for example, any transaction involving over 100,000 metric tons to a single destination in a day must be reported to the Secretary of Agriculture that same day, and over 200,000 metric tons in a single week must be reported that week.

In addition, as the gentleman knows, we have had for several years a formal and detailed agreement with our largest customer, the Soviet Union, which limits

the amount they may purchase in any given year. If they wish to purchase in excess of that amount, they must have U.S. Government concurrence.

So, in short, I would say to the gentleman that we have a very thorough monitoring system for wheat and wheat flour that enables us to protect our domestic supply and assure that it is not suddenly purchased away from us by foreign buyers. Prices of wheat and wheat flour, of course, are influenced by many factors in addition to supply—the transportation, storage, processing, and so forth. And many of those costs are rising rapidly, particularly as the cost of energy rises. That is undoubtedly responsible for some of the price increases we have seen recently in the cost of wheat. But insofar as adequate supply is concerned, I do believe we have in place both the productive capacity and the monitoring mechanism to protect our supplies.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for his response and continued concern in this area. I would also like to take this opportunity to commend both Mr. BINGHAM and Mr. LAGOMARSINO, chairman and ranking minority member of the subcommittees respectively for their work in bringing this important legislation to the floor for our consideration.

AMENDMENT OFFERED BY MR. WEAVER

Mr. WEAVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEAVER: Page 45, insert the following section after line 21, and redesignate succeeding sections accordingly:

EXPORT OF WHEAT, CORN, AND SOYBEANS

SEC. 110. (1) In order to carry out the policy set forth in paragraph 2(c) of this act, and paragraph 4 of Section 3 of the Export Administration Act of 1969; and notwithstanding the provisions of section (f) of said act, as such section is redesignated by section 104(a) of this act: For a period of one year after the enactment of this act, the Secretary shall require a validated license for the export of wheat, corn, and soybeans. In considering any application for such validated export license issued under the terms of this paragraph, the Secretary shall establish a minimum export price for said commodities of 80 percent of the parity price as established and periodically revised for same by the Secretary of Agriculture under provisions of 7 USC Sec. 1301. No export license shall issue for the commodities listed in this paragraph at a price for export which is less than 80 percent of the established parity price for said commodity.

(2) The provisions of paragraph (1) may be waived in the case of exports to developing countries.

(3) The provisions of paragraph (1) shall not apply to applications for export to any country if and when the President determines that it is in the national interest to remove the requirement of a validated license for export of said commodities to said country.

Mr. WEAVER (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to

the request of the gentleman from Oregon?

There was no objection.

Mr. WEAVER. Mr. Chairman, in 1972 the Soviet Union came in and scooped up our entire wheat reserve at extraordinarily low prices, \$1.50 a bushel. They got it cheap, and left the American people to pay the price of rising prices of grain. In other words, our people paid twice for our own grain.

Today, we must reverse that. We must make the Soviet Union pay the high price, and our own people pay the lower price. My amendment simply says that we will not sell our grain overseas, our corn, wheat, and soybeans, except for 80 percent of parity. Now, 80 percent of parity is not enough, but because this is in the law for 1 year I had to set it low. But, our huge bumper crop produced by our magnificent farmers, our magnificent agriculture—this huge bumper crop of 7.3 billion bushels of corn, 2.2 billion bushels of soy beans, 2.2 billion bushels of wheat—this magnificent crop will depress prices. The Soviet Union has had an enormous shortfall this year and needs to buy 32 million tons. They will come in once again and scoop up our grain at cheap prices.

What is the Soviet Union paying for our grain? Let me tell the Members. The Soviet Union sells gold to buy our grain. Ten years ago, 1 ounce of gold that the Soviet Union sold bought 20 bushels of grain. Today, 1 ounce of gold buys 95 bushels of grain. How long can we stay in business when our customers, the Soviet Union, Japan, the OPEC nations, and others are selling their products higher, gold and other things high, and we sell our grain lower?

I want to export as much grain as we possibly can, but I simply think that the American farmer and the American taxpayer must get a decent price for it. It is essential. Our grain exports held our balance of payments, of course, but consider that a number of years ago we paid for our oil with our grain exports. Now, the oil has gone up, up, up; our grain prices have stayed low. No longer does our grain pay for our oil we purchase.

That is why we have a balance-of-payments deficit, because we do not get the price for our grain that they get for oil, that they get for gold, that they get for the products that they export.

So, my amendment simply says, "Let us take this bumper crop and put a minimum floor price on it." Eighty percent of parity, frankly, is not very much. It is not enough. It is higher than it is today at \$4.72 for wheat, \$3.33 for corn, \$8.08 for soybeans. Now, the prices are almost that high now, so it is not going to do any damage, be any problem. It is just simply going to say that when our farmers start storing their grain, dumping their wheat on the sidings, with no place to ship it or store it, the buyers of the Soviet Union, cannot come in and scoop it up at distress, depressed prices.

Once again, the Soviet Union gets cheap grain and our people later on pay dearly for their food. How much longer

can we tolerate this? How much longer can we go on buying high and selling low?

So, I offer a simple amendment as a National Grain Board bill. I call it my barrel for bushel bill. That is really the way to go, but right now we face an emergency. We must keep this grain, this huge bumper crop, from selling at depressed prices to the Soviet Union.

I ask my colleagues who voted for the budget for defense, we need a strong defense, but I ask them why must we vote billions of dollars for weapons to defend ourselves from the Soviet Union when we subsidize them with cheap grain; when we give their economy cheap food and help their economy to put more of their resources into military weapons? Is that sensible? No.

So, I ask my colleagues here, let us put a simple floor on it, export all we can, but put a simple floor of 80 percent of parity on our prices and tell the others, tell Japan, tell the Soviet Union, tell the OPEC nations, that they must pay at least that.

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

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

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

Mr. FOLEY. Mr. Chairman, I rise in strenuous opposition to the amendment offered by my good friend, the gentleman from Oregon (Mr. WEAVER). Before anyone in the Chamber should have the slightest doubt about where the exporting concerns of American agriculture lie, his amendment is strongly opposed by the American Farm Bureau Federation, by the National Council of Farmer Cooperatives, the National Wheat Growers Association, the National American Soybean Association, the National Corn Growers Association, and by almost every other group that represents those in whose behalf the gentleman from Oregon (Mr. WEAVER) claims to be acting.

With this amendment, we would be establishing for the first time political control over the exports of our agricultural products—agricultural products that are expected this year to earn the United States \$32 billion this year. Our wheat exports alone last year earned us approximately \$4.5 billion. That is four thousand five hundred million dollars of earnings for our country to help pay the cost of our energy imports.

If the Soviet Union has to sell gold—and by the way, not at the rigged price but at an international price we can sell it for, too—if they have to sell gold to buy American wheat, that does not bother me. If the Soviet Union has to divert funds from heavy industry and perhaps from strategic weapons to buy wheat to feed Russian citizens, that does not bother me. I think that is good for us and the economy.

As Hubert Humphrey said, he was in favor of selling to the Russians anything they could not shoot back, and they are not going to shoot back the wheat and

the feed grains that they consume by their populations is improving their diets.

The Weaver amendment does something much more serious than play around with the possibility of somehow euchring a slightly higher price out of countries like the Soviet Union. It says that the export license cannot be issued unless the Secretary approves which means it cannot be less than 80 percent of parity. It really does not promise that price, by the way, to farmers. As I read it, it is the grain exporter, Cargill or Continental and so forth that would have to get 80 percent of parity, not the farmer. It does not appear how the farmer would benefit from this amendment, or how farmers who do not export crops but produce for the domestic market are going to get equal treatment as the farmers produce for the export market. Additionally it is not clear how developing countries are suddenly going to be exempt from the higher prices that we extract in the export market.

The amendment is bad both in its practical effects and in its precedent. It is a dangerous precedent for all American exporters to submit to political control over its exports in nonstrategic weapons and materials. We all are in favor of some political control over strategic weapons and materials that may add to the material inventory of potential adversaries, but political controls and fees on exports of nonstrategic items are not only unnecessary; they are totally undesirable in any sound economic policy for this country.

I want to see higher prices for wheat. I am delighted that wheat prices have risen in the market and that they are now at export levels equal to 74 percent of the 80 percent the gentleman desires. I think that is healthy because it is happening in the free market, not because of some kind of political control. The farmers realize that the same political control that the gentleman from Oregon (Mr. WEAVER) promises to raise prices which can be used to suppress prices, because there will be times when our exports, I hope, will bring more than 80 percent of parity. I was happy when they brought 100 percent of parity in 1974 and 1975, and I hope they do so again.

This is a dangerous amendment, dangerous in its principle dangerous in its precedent, and far-reaching in its consequences. The gentleman has attempted to offer a bill to create a state trading corporation in grain. This is what really is the basis of this offer. He has tried to offer that amendment in the Committee on Agriculture for several years, and the committee in a bipartisan way has rejected that proposal. So now he is attempting to make the Secretary of Commerce a one-person state grain-trading agency, rather than the American Wheat Board which he wants to establish. For the American Grain Board he substituted the Secretary of Commerce.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has expired.

(By unanimous consent Mr. FOLEY was allowed to proceed for 1 additional minute.)

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

Mr. FOLEY. I yield to the gentleman from Washington.

Mr. McCORMACK. I thank the gentleman for yielding.

I rise in enthusiastic support for the gentleman's position as he has expressed it and in strong opposition to the amendment. I think it is well for us to remember that if the amendment were in effect in the law, American wheat farmers would be sitting around while Russians, for instance, were buying their grain from other wheat-exporting countries such as Australia and Canada perhaps at 79 percent, and we would be selling absolutely nothing at all.

Mr. FOLEY. The gentleman is absolutely right. This amendment, if adopted, would guarantee that we would be only residual suppliers of those agricultural products that it covered.

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

Mr. FOLEY. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. I thank the gentleman for yielding.

I support the gentleman from Washington (Mr. FOLEY) in his position in opposition to this amendment.

About 2 weeks ago I met with a group of farmers, some of whom subscribe to the position that is articulated by the gentleman from Oregon (Mr. WEAVER) who supports this amendment, and I asked them why it was that they supported this position, that everyone knew that this would not work, that in practice it would depress prices on the world market, and that it would be against the best interests of the farmers. So I asked them, given the fact that they understood the way that grain trading worked, why it was that they supported this position. The response was interesting. It was that to promote this position would promote higher prices for the farmer. Now I ask the gentleman, is this a tenable position? Does supporting this amendment which is offered by the gentleman from Oregon (Mr. WEAVER) in any way increase the prices of grain on the world market for farmers?

Mr. FOLEY. In my opinion, the amendment only requires 80 percent of parity as a minimum to the applicant for the export license, which is a grain trading company, and all that it would guarantee if they had a market at that rate, assuming that the price were at that or higher, would be that the grain trading company would get the guarantee, rather than the farmer.

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the last word.

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

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

Mr. LAGOMARSINO. I yield to the gentleman from Kansas.

Mr. SEBELIUS. I thank the gentleman for yielding.

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

Mr. SEBELIUS. Mr. Chairman, few

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actions would give me greater pleasure than to adopt a program that would guarantee my farmers a better return on their investments over the long term. That, I am certain, is what the gentleman from Oregon (Mr. WEAVER) intends and I am sure he has the best interests of the Nation's farmers at heart.

Unfortunately, it will not work. If anything, it will foul up our exports now and result in fewer grain and soybean exports over the long term.

I have served on the House Agriculture Committee more than 10 years. During that time I have carefully studied farm policy to try to find better avenues toward farm prosperity. Lord knows it would be to my advantage to come up with a cure for the economic ills that plague the farm sector periodically.

This idea is not new. It has been tested and rejected many times in the past, as I'm sure it will be in the future. Why has it been rejected?

There is no doubt that the United States dominates world trade in grains and oilseeds today. There is on some occasions, some truth to the notion that the United States sets the prices for grain and oilseeds in world trade. There is no doubt that we are an important factor.

Unfortunately, there is a substantial difference between affecting the market and controlling it. Certainly, we can affect it. In the short run, under the right conditions, we can control it. Over the long run, I believe that efforts to control that market will lead to erosion of our position in it.

There are two ways we can affect the market. We can affect it positively by encouraging competition and innovation. And, we can affect it negatively by reducing our competitive edge and giving large parts of our markets to our competitors. I think it is very likely that this bill would do just that.

The distinguished gentleman from Oregon is fond of quoting Dan Morgan's new book, "Merchants of Grain," to support his contention of the need for more Government control over our grain markets. The following quotation is enlightening:

Throughout the Depression years Europe continued to be the main market for the world's grain. But the drive for self-sufficiency did not let up, and protectionist sentiment was stronger than ever. European governments, already embittered over America's efforts to collect its war debts, were infuriated when Congress passed the Smoot-Hawley Tariff Act in July 1930, setting duties on foreign imports at all-time highs. They retaliated with stiffer duties on American farm imports. Meanwhile, Nazi propagandists, undoubtedly concerned about Germany's reliance on imported foreign wheat, began extolling rye bread's alleged ability to give Germans "the strength and endurance of the Nibelungen," and maligning wheat bread for "weakening the fighting will" of the Kaiser's losing armies in World War I.

Some campaigns for self-sufficiency were surprisingly effective. In 1932, experts at Stanford's Food Research Institute thought there was no likelihood that Japan would reduce its importation of wheat for making noodles, a popular food in Japan. Three years later, to the astonishment of the experts, Japan had increased its home wheat production by 60 percent and achieved self-sufficiency.

(These phenomenally successful food production campaigns tend to be forgotten amid today's talk that the world is running out of food.)

This alarms me when I think of all the people who think the United States has a monopoly on food production and technology. In my trip to China last year, I got a firsthand look at the kind of food production developing countries are capable of given the proper incentives. I would, as a result, urge my colleagues to be very careful about their assumptions of world food production capabilities.

Mr. Chairman, we generally grow more wheat each year in my congressional district than is grown in any State. We are extremely interested in improving farm income and I have worked diligently for years to improve our domestic farm programs to take the bust out of the farm economic cycle. If I believed this amendment was in the long-term interests of the farmers in my district, I would have enthusiastically embraced the concept years ago. Unfortunately, I must oppose this amendment and I urge my colleagues to do likewise.

Mr. LAGOMARSINO. Mr. Chairman, this amendment would severely inhibit our continuing efforts to induce other countries to remove their tariff and non-tariff barriers to free trade. We have made a lot of progress on that issue, and I think this would be a step backward.

It would encourage retaliation by other countries who might restrict their export to us of basic materials on which we are so heavily dependent. Before such a program could become effective, there would have to be cooperation among the major wheat and grain producers around the world. I have offered a resolution which would call for an international conference of wheat producers to determine the possibility of such coordinated action, but it has a long way to go and it is not there yet. Such controls—I think this is important—as are proposed by the Weaver amendment would apply to all countries and not just to the Soviet Union and not just to OPEC. It would be very disruptive of export trade. It would reduce U.S. exports at a time when there is a balance of trade deficit. As the gentleman from Washington (Mr. FOLEY) has pointed out, it would impose for the first time political controls on the export of grain.

□ 1800

The whole purpose of this bill is to get rid of nonstrategic controls. This amendment would put us in exactly the opposite direction.

I urge its defeat and yield back the balance of my time.

Mr. WOLPE. Mr. Chairman, I move to strike the requisite number of words, I rise in opposition to the amendment and yield to the gentleman from Oregon (Mr. WEAVER) to allow him to respond to the previous comments.

Mr. WEAVER. I thank the gentleman from Michigan for his courtesy.

My goodness.

My goodness. What things we have heard. "It won't work."

You know, the Arabs said that 10 years ago. Somebody had the idea, you know,

"Hey, let us all get together and put a price on oil."

Oil was \$1.50 a barrel then. They said, "It won't work. It won't work."

We know what happened. OPEC did get together. OPEC does price oil. Oil is now \$23 a barrel.

OPEC has a surplus of oil. One hundred fifty billion barrels in the ground in Saudi Arabia alone. A big surplus. They do not sell it unless they get their price. Nosiree. They say, "If you want to pay \$20 or \$23 a barrel you can have it but not less."

"It won't work."

You know something? We are, the United States, the OPEC of grain. The Soviet Union wants to buy 32 million tons of grain today. They have to come to us.

We export 77 percent of the corn that moves in world markets. We export 83 percent of the soybeans that move in world markets. We export 50 percent of the wheat that moves in world markets. In grain, we are Saudi Arabia, Kuwait, Abu Dhabi, Iran, Algeria and Libya combined. "It won't work."

When, when, O Lord, are we going to wake up and stop being rooked?

Did you know that Japan buys our wheat for \$4 and sells it to their bakers for \$9 and pockets the difference? Yes. Yes, they do. They buy our wheat from our farmers for \$4 and sell it to their bakers for \$9 and pocket the difference. Is that not smart? And they hold 26 billion of our dollars; 26 billion of our dollars right now Japan holds because they have sold us so many Toyotas and Sonys and record players.

"It won't work." My goodness.

We cannot sell it? There would be riots in the Soviet Union and every other nation if they could not have our corn and feed grains and meat their people have gotten used to, if we did not sell them this grain.

Another thing: What would happen to world prices if we kept our grain up and the world price would go down. We make the world price. American grain establishes the world price.

Today, if it is 2 percent in surplus, 2 percent on the free market, you can have a 50-percent drop in price. You know, all these other products they are talking about, automobiles and computers, are made by a couple of corporations and when their demand falls they keep the price right up there. But not the farmer, not the American grain that we rely on to build our balance of payments. No. It is 2 million producers and when they are 2 percent in surplus the price is cut in half.

Mr. Chairman, it is time we woke up. It is time these farmer organizations who are very close to the six big grain companies that want to continue to deal in secret, continue to make their deals in secret, and rook the American consumer and rook the American farmer, it is time we did something about this.

O Lord, let us wake up, O Lord, let us see what is happening to us before it is too late.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the last word.

I yield to the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I do not want to prolong this debate but I must reply to some of the statements made by the gentleman from Oregon (Mr. WEAVER) which imply that virtually every major American farm organization that represents farmers who sell the products the gentleman is talking about are not representing the interests of their members. Just think about that for a minute. If we could easily double, quadruple, quintuple the price of grain and isolate it from raising the price domestically, to extracting a higher export price without damaging our markets, does the gentleman think these farmers would not have an interest in doing it?

This sophisticated nonsense—and that is what I believe it is, although the gentleman does not intend it to be—this sophisticated nonsense that we can do the same thing with wheat, feed grains or soybeans that has been done with oil has led to the so-called bushel-for-barrel theory.

Mr. Chairman, the gentleman says he is not interested in just OPEC, he is talking about Japan and he is talking about the Soviet Union. However, many people in this country have the mistaken idea that somehow this great exporting capacity of food and grain, which we have, can lead us to command the world price.

Mr. Chairman, Australia, Canada, France, and Argentina are some of our competitors in this area and they will have nothing to do, and have said so, with the cartelization of wheat exports. Accordingly the gentleman's amendment is a prescription to give away major portions of our primary markets and to accept the role of a residual supplier and an unreliable one at that. When we imposed some controls on soybean exports in 1973 for just about a weeks time in order to protect our domestic livestock market, the Japanese were deeply shaken and began to question our reliability as a supplier of this and other food and feed supplies. They began to encourage the soybean production in Brazil that has made that country our major soybean competitor. This can happen to other crops.

Wheat can be grown in 80 countries. It is not quite like oil.

Mr. Chairman, it is not true that we could exchange a bushel for a barrel, even with OPEC. If that were possible—and let me just concede the purpose of that argument we could raise the price of wheat 400 percent or 500 percent and engage in a bushel-for-a-barrel exchange. With OPEC, that would give them all the feed grains and wheat they need in less than 30 days. In less than 30 days of exchange with us, they would have a full year's supply and we would have 11 months to buy from them without the trading capacity of our food.

Beyond that, Mr. Chairman, we risk an OPEC that might tell us, "All right, we will give you a barrel for a bushel, but we will sell you 20 percent less oil and we will buy 20 percent less wheat and feed grains from you." How would we like that? Not very well.

If anybody suggested by using this kind of power we can bring countries like Kuwait and Saudi Arabia to some kind of terms, they do not understand the foreign exchange levels of those countries or their wheat and feed grain requirements.

Mr. Chairman, I have said, and I will repeat here, that Saudi Arabia can afford to import its wheat and wheat flour in the form of French pastries baked in Paris and sent by Air France and distributed free in the country and have a lot of money left over.

The gentleman from Oregon knows this. The gentleman is an intelligent, able, and informed Member. But many Americans—fortunately not too many American farmers—have become beguiled by the bushel-for-barrel slogan and believe that this kind of manipulation can somehow produce miracles overnight and make an OPEC out of the American agricultural community. These false expectations weaken the good efforts of our export organizations and the good efforts of our farm organizations to improve the very important trade in wheat and other grains that is to the benefit of our farmers, our consumers, our Treasury, and the millions and millions of people around the world to buy from us to our and their advantage.

I hope the amendment will be defeated.

□ 1810

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

Mr. SMITH of Iowa. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I want to commend the gentleman on his statement.

About 2 weeks ago I had the privilege of meeting the new Saudi Arabia Ambassador to the United States and I brought this subject up in our discussion.

He said, "It is very simple. We will merely finance the growing of grain in Sudan, in Turkey, in Afghanistan, and in Pakistan, and it would have no effect on us whatsoever."

Mr. SMITH of Iowa. Mr. Chairman, I would like to reclaim my time just to say that I agree with the gentleman from Washington. I would like to think the gentleman's amendment would do what the gentleman proposes to do, but I do not believe it does.

I want to call attention to the fact that this bill includes something that encourages and makes possible straight-out barter. That is a good provision. We need that kind of a provision. I think with the right encouragement we can develop barter agreements that will be effective rather than rely on something like this amendment that just will not work.

The CHAIRMAN. The time of the gentleman from Iowa (Mr. SMITH) has again expired.

(At the request of Mr. WEAVER, and by unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 2 additional minutes.)

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I thank the gentleman for yielding. I just want to say briefly that the statement made by the chairman of the Committee on Agriculture is accurate insofar as I know and have studied to the last detail of what the gentleman said. I endorse what the gentleman said and join the gentleman in opposing the amendment.

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

Mr. SMITH of Iowa. I yield to the gentleman.

Mr. WEAVER. Mr. Chairman, I would like to say to the person who says they will simply finance the growing of grain elsewhere, that they are trying to do that in Sudan and they are running into enormous problems. Egypt is doing a study on how to grow more grain and came up with \$22,000 an acre to put it into growing condition, an impossible situation.

As to the embargo, I do not want an embargo. That is the last thing in the world I want. I want to sell all the grain we can but get a fair price for it.

Let us talk about Kuwait buying French pastries. Fine, let us make them pay that price.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. WEAVER).

The amendment was rejected.

AMENDMENT OFFERED BY MR. ERTEL

Mr. ERTEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ERTEL: Page 45, insert the following section after line 21 and redesignate subsequent sections accordingly:

EXPORTS OF HIDES AND SKINS

Sec. 110. Paragraph (1) of subsection (f) of section 7 of the Export Administration Act of 1969, as such section is redesignated by section 104(a) of this Act, is amended by adding at the end thereof the following: "The Secretary of Agriculture shall, by exercising the authorities which the Secretary of Agriculture has under other applicable provisions of law, collect data with respect to export sales of animal hides and skins."

Mr. ERTEL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ERTEL. Mr. Chairman, the amendment I am now offering will allow the Members of this body to demonstrate that they are sensitive to the problems in this industry and that they do recognize the problems that do exist.

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

Mr. ERTEL. I yield to the distinguished gentleman from New York.

Mr. BINGHAM. Mr. Chairman, we have had occasion to look at the gentleman's amendment. I do not think it is necessary, but we have no objection to it. If the gentleman would like to have it included in the bill, we certainly have no objection.

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Mr. ERTEL. I thank the gentleman. I yield to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Chairman, I thank the gentleman for yielding. I have examined the amendment. I have no problem with it. I do think in all fairness to the gentleman that it will be discussed in conference, but I have no objection to it at this time.

Mr. ERTEL. Mr. Chairman, I thank the gentleman.

The amendment merely requires the Secretary of Agriculture to collect data on the export sales of hides and have that data available so that it cuts down on the speculation. There is an allegation that there is tremendous speculation by a few trading companies because they have the exclusive knowledge and the exclusive data. This will prevent that, or at least help stop the speculation in hides and at least give us some information so that if the Committee on Agriculture comes back to this in the future they will have the data to make a policy statement on it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. ERTEL).

The amendment was agreed to.

Mr. SWIFT. Mr. Chairman, I move to strike the last word.

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

Mr. SWIFT. Mr. Chairman, I would like to commend the gentleman from Washington, my good friend DON BONKER for his work to include in this bill a provision relating to the export of red cedar. His provision which was adopted by the committee would stop that export, and for good reason. Red cedar is disappearing from the forests of our Nation at an alarming rate. We have, at present use, as little as 8 to 10 years of red cedar left in this Nation—most of it in my congressional district and that of my colleague (Mr. BONKER).

Will not these magnificent trees grow again. Yes they will, but not in our life time, nor in the lifetime of our children and our grandchildren. Red cedar grows to commercially useful size in something like 300 to 500 years.

This ban on the export of this great natural resource extends only to public lands—that is Federal and State holding—not to trees that are privately owned. It only seems reasonable and enlightened self interest to preserve these trees to our own uses.

I support this bill and especially this provision and urge my colleagues to vote in favor of it.

The CHAIRMAN. Are there further amendments to section 109? If not, the Clerk will read.

The Clerk read as follows:

UNPROCESSED RED CEDAR

Sec. 110. (a) The Secretary of Commerce shall require a validated license, under section 7 of the Export Administration Act of 1969, as redesignated by section 104(a) of this Act, for the export of unprocessed western red cedar (*Thuja plicata*) logs, harvested from State or Federal lands. The Secretary shall impose quantitative restrictions upon the export of unprocessed western red cedar

logs during the three-year period beginning on the effective date of this Act as follows:

(1) Not more than thirty million board feet scribner of such logs may be exported during the first year of such three-year period.

(2) Not more than fifteen million board feet scribner of such logs may be exported during the second year of such period.

(3) Not more than five million board feet scribner of such logs may be exported during the third year of such period.

After the end of such three-year period, no unprocessed western red cedar logs may be exported from the United States.

(b) The Secretary of Commerce shall allocate export licenses to exporters pursuant to this section on the basis of a prior history of exportation by such exporters and such other factors as the Secretary considers necessary and appropriate to minimize any hardship to the producers of western red cedar and to further the foreign policy of the United States.

(c) Unprocessed western red cedar logs shall not be considered to be an agricultural commodity for purposes of subsection (f) of section 7 of the Export Administration Act of 1969, as such section is redesignated by section 104(a) of this Act.

(d) As used in this subsection, the term "unprocessed western red cedar" means red cedar timber which has not been processed into—

(1) lumber without wane;

(2) chips, pulp, and pulp products;

(3) veneer and plywood;

(4) poles, posts, or pilings cut or treated with preservative for use as such and not intended to be further processed; or

(5) shakes and shingles.

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that section 110 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 York?

There was no objection.

The CHAIRMAN. Are there amendments to section 110? If not, the Clerk will read.

The Clerk read as follows:

CIVIL AIRCRAFT EQUIPMENT

SEC. 111. Notwithstanding any other provision of law, any product (1) which is standard equipment, certified by the Federal Aviation Administration, in civil aircraft and is an integral part of such aircraft, and (2) which is to be exported to a country other than a controlled country, shall be subject to export controls exclusively under the Export Administration Act of 1969. Any such product shall not be subject to controls under section 38(b)(2) of the Arms Export Control Act. For purposes of this section, the term "controlled country" means any country described in section 620(f) of the Foreign Assistance Act of 1961.

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that section 111 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 York?

There was no objection.

Mr. BONKER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise for the purpose of asking the floor manager of the bill a question about the intent of section 111.

Section 111 provides that standard, FAA-certified equipment in civil aircraft, which is an integral part of such aircraft shall be subject to export controls under the Export Administration Act.

I assume that applies to spares as well. That is, if a piece of equipment proposed for export as part of an airplane is subject to controls under the Export Administration, then identical equipment proposed for export as spares to replace the original equipment would also be subject to control under the Export Administration Act. Am I correct in that interpretation?

Mr. BINGHAM. Mr. Chairman, if the gentleman will yield, the gentleman is correct. The intent of section 111 of H.R. 4034 is to provide for approval or denial under the Export Administration Act rather than under the Arms Export Control Act of exports to a country, other than a controlled country, of standard equipment, certified by the Federal Aviation Administration, which is an integral part of civil aircraft or spare parts for FAA certified equipment which is an integral part of civil aircraft. Such proposed exports may be reviewed by the Department of Defense, the Arms Control and Disarmament Agency, or the Department of State in cases where they might have important national security of foreign policy implications. Standard equipment certified by the FAA now subject to controls under the Arms Export Control Act could continue to be under that act if the proposed export were to a controlled country of if it were to another country where it would not be exported as an integral part of civil aircraft or as spares therefor.

The CHAIRMAN. Are there amendments to section 111? If not, the Clerk will read.

The Clerk read as follows:

NONPROLIFERATION CONTROLS

SEC. 112. (a) Nothing in section 5 or 6 of the Export Administration Act of 1969, as added by section 104(b) of this Act, shall be construed to supersede the procedures published by the President pursuant to section 309(c) of the Nuclear Non-Proliferation Act of 1978.

(b) With respect to any export license application which, under the procedures published by the President pursuant to section 309(c) of the Nuclear Non-Proliferation Act of 1978, is referred to the Subgroup on Nuclear Export Coordination or other inter-agency group, the provisions of section 10 of the Export Administration Act of 1969, as added by section 104(c) of this Act, shall apply with respect to such license application only to the extent that they are consistent with such published procedures, except that if the processing of any such application under such procedures is not completed within one hundred and eighty days after the receipt of the application by the Secretary of Commerce, the applicant shall have the rights of appeal and court action provided in subsection (k) of such section 10.

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that section 112 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 York?

There was no objection.

AMENDMENT OFFERED BY MR. DODD

Mr. DODD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DODD: Page 48, add the following section after line 22 and redesignate subsequent sections accordingly:

EXPORTS TO OPEC COUNTRIES

Sec. 113. The President shall review all United States exports to each country that is a member of the Organization of Petroleum Exporting Countries (OPEC) in order to determine whether such exports are consistent with the national security, foreign policy, and economic interests of the United States. In conducting such review the President shall take specifically into account the pricing of petroleum exports from each such country to the United States and any action taken by that country either to accomplish, or to impede, a comprehensive peace in the Middle East. The President shall also determine—

(1) which OPEC member countries, if any, rely upon United States goods and technologies, the particular goods and technologies involved, and the availability, from sources outside the United States, of such goods and technologies;

(2) the economic impact on each OPEC member country of prohibiting or restricting the export of any United States goods or technology to such country; and

(3) the impact on the United States economy of prohibiting or restricting the export of any United States goods or technology to such country.

The President shall submit to the Congress, not later than six months after the date of the enactment of this Act, a report containing the determinations made, and the findings of the review conducted, pursuant to this section.

Mr. DODD (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

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

Mr. DODD. Mr. Chairman, this amendment is designed to address the very problem that we raised in the previous amendment that was raised by my colleague, the gentleman from Oregon, that was answered so eloquently by the gentleman from Washington (Mr. FOLEY).

The purpose of this amendment is not intended whatsoever in any way to prohibit or deny the export of any goods whatsoever to OPEC countries. What it does do is require the administration to review those exports and to report back to the Congress in 6 months to answer the very questions that we are having raised in editorials, proposed legislation, speeches, and Lord knows what else, over the issue of whether or not we have any economic leverage over OPEC. I seriously question whether we do, but I think it is important to answer the questions all of us receive from our constituents as to whether or not, in fact, we do have any economic leverage. We export some \$18 billion a year in goods to OPEC coun-

tries. The majority of those goods are in manufactured goods, manufactured products, computers, drilling equipment, and so forth.

□ 1820

I think it is a legitimate question to raise as to whether or not we have any economic leverage. We are only going to know that if we make a proper review of those exports and a determination as to whether or not those exports are going to in any way harm, if they are curtailed, OPEC countries and what the economic effect would be in this country if we were to curtail exports.

I would point out to my colleagues that this particular amendment that we are considering today, the amendment that I have offered, asks the President to take into account the oil-pricing policies of OPEC nations in an effort to ascertain whether or not we have peace in the Middle East.

Furthermore, this amendment asks the President to determine which OPEC nations rely on what U.S. products. Their availability elsewhere determines that. What is the economic impact on each nation of restricting our exports, and what is the economic impact on this country with such restrictions?

The very act we are dealing with lays out the basic points that are to be considered when we deal with other nations. The Export Administration Act authorizes the President to regulate exports, to protect the domestic economy, to further U.S. foreign policy, and to protect our national security interests. That is what the legislation says.

I am suggesting with this amendment that we ought to review those exports to the OPEC countries and determine once and for all, if we can, what effect each of those exports would have on our national security, on domestic production, and, of course, on the economies of the countries affected.

I have been told by some that this would be considered a threat. I would say to my colleagues who raise that argument that it is in effect that in some way.

We all know what has happened to oil prices in our own country. There has been a 50 percent increase in prices last year and a 600-percent in the last 6 years.

I think it is only fair to the American public and in the interest of consumers in this country that we determine whether or not we have some economic leverage with OPEC and determine whether or not we could exercise that leverage before we go off and start issuing demagogic statements about how we are going to bring OPEC to its knees.

I think the purpose of the amendment, as far as the administration is concerned, is this: I think it would answer many of the questions I have and many of my colleagues have about our ability to bring OPEC to its knees.

Mr. Chairman, I urge the adoption of my amendment, and I yield back the balance of my time.

Mr. BINGHAM. Mr. Chairman, I rise in opposition to amendment.

Mr. Chairman, I oppose the amend-

ment reluctantly because I have the highest regard for the gentleman from Connecticut (Mr. DODD), and I know that his intentions are good. His intentions are excellent, but I think this is an untimely and inappropriate way to approach the problem.

The Subcommittee on Europe and the Middle East chaired by the gentleman from Indiana (Mr. HAMILTON) and the subcommittee that I have the honor to share, the Subcommittee on International Economic Policy and Trade, are committed to embarking soon on a thorough study of all the various ways in which we can deal with the OPEC problem.

Certainly the material covered by this amendment is one type of approach. But in its present form, by asking the President to make this review and make a report to the Congress, it does have a kind of threatening tone to it, which I think is unfortunate at this time.

Mr. Chairman, I would like to read for the benefit of the Members a statement that I have from the administration on this amendment. It is as follows:

The Administration opposes this amendment because it is dangerous and counterproductive to threaten or appear to threaten a termination or reduction of U.S. exports to nations who may engage in trade practices or adhere to foreign policy goals with which the United States disagrees.

A public report by the President on the information called for could easily be interpreted as a threat to impose export controls at a later date.

The amendment would have no discernible beneficial effect on U.S. economic or diplomatic goals, but would, on the contrary, be likely to irritate certain nations with whom the U.S. must maintain harmonious relations both to help protect American and Western economic interests and to promote a stable Middle East peace.

It is not necessary to conduct a study to know that certain leading OPEC members are indeed major importers of U.S. goods and technologies.

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

Mr. BINGHAM. I yield to the gentleman from Connecticut.

Mr. DODD. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I appreciate the gentleman's reading the administration's comments on this proposed amendment into the Record, but I would want to make two points.

One is that on the last point raised by the administration, I think we all know obviously that we export \$18 billion worth of goods to OPEC countries. I am not contesting that fact, but I would think the administration would find it worthwhile to examine to what extent we are able to exercise leverage as to this country's efforts to secure peace in the Middle East and also possibly exercise some leverage in trying to stabilize OPEC oil prices.

As I pointed out earlier, we have seen a 50-percent increase in prices this year and a 600-percent increase in the last 6 years.

Certainly our good friends in Saudi Arabia have been rather reluctant to join us at the peace table.

I am not going to suggest that by cur-

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tailing some exports we are going to accomplish that goal overnight, but I would think it would be in the administration's interests and in our interests here in the House and in the Congress to try to determine to what extent we might be able to impress upon the OPEC nations that we are serious in our peace efforts and we are serious when we say we want them to stabilize OPEC oil prices, not just for our own selfish interests but also in the interests of other industrialized nations that are also being hard pressed by these increased costs.

Mr. BINGHAM. Mr. Chairman, if I may reclaim my time, let me just say that there is a difference between the Congress agreeing to this kind of amendment and calling for this kind of study and some sort of study being made quietly and in a businesslike way by the administration.

I am sure that if our two subcommittees proceed with our general review of what we can do about the OPEC countries, this material will be studied and will be reviewed, and it is not necessary to offer such an amendment as this in this piece of legislation to accomplish that objective.

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the last word.

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

Mr. LAGOMARSINO. Mr. Chairman, I rise in opposition to this amendment, although certainly the motive of the gentleman from Connecticut (Mr. Dobb) is proper and appropriate. However, I think the proposal would be viewed as apparently the first step toward controlling exports to OPEC countries. But with the magnitude of our trade deficit with OPEC, I think we should be looking for a way to increase our exports to OPEC, not decrease our exports to OPEC.

If exports to OPEC countries would be restricted, we would only be opening up markets further to our foreign competitors. I submit that at the present time our own exporters have a real difficult time in competing with the Germans, the Japanese, and others, who wish to enter into that market even more than they already are.

Mr. DODD. Mr. Chairman, will my good friend, the gentleman from California, yield on that point?

Mr. LAGOMARSINO. I yield to the gentleman from Connecticut.

Mr. DODD. Mr. Chairman, the gentleman from California (Mr. LAGOMARSINO) may be very correct in that statement, but I do not know that, and with all due respect, let me say that I do not know that my good friend knows the answer to that question.

The gentleman may very well be correct. We may open up new markets for our competitors. But we do not know that, and I think the only way we will ever know it is if we have a review of what our exports are and what it would do to our economy in this country if we curtailed them.

I hope the gentleman understands that I am not advocating that we should curtail exports. I am only suggesting that a study be made so we might review that

situation and inform the people in this country honestly as to what the situation is.

We hear speculation from some quarters that this would be devastating to the economy, and we hear the gentleman from Oregon suggest that it would be devastating if we do not do something.

Mr. Chairman, I only suggest that it might be worthwhile to have the administration conduct a review and report to the Congress so we may have the answers to these questions.

Mr. Chairman, I thank the gentleman for yielding.

Mr. LAGOMARSINO. Mr. Chairman, if I intimated that I thought the gentleman from Connecticut (Mr. Dobb) was for restricting imports, I apologize. It certainly was not my thought to do that.

I can say that although I do not know for sure what would happen, I know what a lot of American companies think would be the case if that happened. I know a lot of American companies feel right now that the competition is very severe, and that they have no lock at all on that business, as they did at one time.

I think that this would be viewed as threatening to withhold commodities from OPEC. I believe that is the way this would be perceived, and perception is as much reality as reality itself. That might more likely invite retaliation from them rather than the seeking of a resolution of our differences.

I am in favor of dealing forcefully with OPEC, but I suggest that a way to do that is with respect to grain sales. Let us get the other countries together. Maybe we can do that here, but I think it would be very, very difficult in the case of grain, with four or five major exporters at this time. And in the case of industrial goods, I do not know how many we could get—probably not more than 20.

Mr. Chairman, I hope the amendment is defeated and I yield back the balance of my time.

Mr. WEAVER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I am sorry that my amendment did not pass, and, therefore, I think a very solid and a very good case can be made—and I think the gentleman from Connecticut (Mr. Dobb) has made it—that we should determine through a study exactly where we stand on exports to the OPEC nations. I would like to broaden it to all other nations, as a matter of fact.

□ 1830

I like the words of the distinguished gentleman from California who just spoke. He said he wanted to deal with OPEC forcefully. I ask the Members to think about that. They are the ones who are threatening us. They just raised the price of their oil another \$7. That is a terrible threat to our economy and our well-being. They are the ones who are irritating us. That is far too soft a word. We should try to figure out exactly where we stand in this trade relationship we have. I think a study directed by this amendment would accomplish a great deal.

I say to the gentleman from Cali-

ornia that I would like to call his attention to the fact that we do not need to form a cartel. We do not need to form a cartel. We export 77 percent of the corn. We are the cartel now. We export 83 percent of the soybeans. We are the cartel now. We do not need other nations to join us. It is our grain that is a drug on the world market. If we want to get a better price for grain to the OPEC nations, we must raise it, of course, to everyone, and that is in our best interest.

As to being a demagog, I would like to tell the members of the committee that the last thing in the world that I want to do is demagog this issue. It was the administration who went out, after my hearings on my bill in the Committee on Agriculture, and said that I wanted to charge \$20 a bushel for our wheat. I certainly never said that, never implied it. I said, "Let us see how much we can get for our wheat. Let us do just what the Arabs did, what the OPEC nations did, and that is to continue to raise the price to see what the market will bear. Raise it up 50 cents, raise it up a dollar, just like the OPEC nations did, until we see."

I think we would be surprised, just like the OPEC nations were utterly amazed to find out that people would pay \$3, at first, for oil, and then \$12 and then \$20, and now they are in the driver's seat. I think we should try to find that out. I in no way associate myself with the demagoguery, frankly, of the administration, who went out and said things about my bill, about \$20 a barrel. I did coin the phrase "A barrel for a bushel," to dramatize the issue that at one time oil and grain were the same price. Once again we should strive, head toward the objective, if we want to survive in trade in this world.

Mr. VANIK. Mr. Chairman, I move to strike the requisite number of words.

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

Mr. VANIK. Mr. Chairman, I oppose the amendment of the gentleman from Connecticut, the Honorable CHRISTOPHER J. Dobb.

Our efforts should be to stimulate exports. The technology drain about which the gentleman complains has already occurred. If America decides to withhold exports of technology to the OPEC countries, they can procure it from European sources who acquired it from America at an earlier time. It could also be acquired from European enterprises in which American business has an equity. The amendment would insure the fuller utilization of other markets by the OPEC nations. This would increase our trade deficit and create further inflationary pressures.

Our efforts should be directed to more carefully monitor imports. Today, Nigeria increased its oil prices by \$3 per barrel from \$23.47 to \$26.50. Nigeria does not have a record of purchasing very much from the United States.

In 1977 we bought \$6 billion in oil and sold Nigeria \$1 billion in goods. In 1978 we purchased \$4.7 billion in oil and had sales of about \$1 billion. Between January and July of 1979, the trade balance

was even worse. We bought \$4,027,000,000 in oil and sold Nigeria only \$317 million in goods under circumstances when other foreign countries were finding bargains in America because of our depressed currency.

As circumstances permit, we should try to direct our oil purchases to those nations who buy from us.

At this point of time, it is far more important for America to develop an import policy which strives toward trade balance.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut (Mr. DODD).

The amendment was rejected.

The CHAIRMAN. Are there further amendments to section 112? If not, the Clerk will read.

The Clerk read as follows:

VIOLETIONS

SEC. 113. Section 11 of the Export Administration Act of 1969, as redesignated by section 104(a) of this Act, is amended as follows:

(1) Subsection (a) is amended to read as follows:

"(a) Except as provided in subsection (b) of this section, whoever knowingly violates any provision of this Act or any regulation, order, or license issued thereunder shall be fined not more than five times the value of the exports involved or \$50,000, whichever is greater, or imprisoned not more than five years, or both."

(2) Subsection (b) is amended to read as follows:

"(b) Whoever willfully exports anything contrary to any provision of this Act or any regulation, order, or license issued thereunder, with knowledge that such exports will be used for the benefit of any country to which exports are restricted for national security or foreign policy purposes, shall be fined not more than five times the value of the exports involved or \$100,000, whichever is greater, or imprisoned not more than ten years, or both."

(3) Subsection (c) (2) (A) is amended by striking out "articles, materials, supplies, or technical data or other information" and inserting in lieu thereof, "goods, technology, or other information".

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of the bill 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 York?

Mr. BAUMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. BINGHAM. Mr. Chairman, I ask unanimous consent that section 113 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 York?

There was no objection.

The CHAIRMAN. Are there amendments to section 113?

AMENDMENT OFFERED BY MR. DORNAN

Mr. DORNAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DORNAN: Page 49, line 13, insert "(1)" after "(b)".

Page 49, insert the following after line 30:

"(2) Any person who is issued a validated license under this Act for the export of any good or technology to a controlled country and who, with knowledge that such good or technology is being used by such controlled country for military or intelligence gathering purposes, fails to report such use to the Secretary of Defense, shall be fined not more than five times the value of the good or technology involved or \$100,000, whichever is greater, or imprisoned for not more than ten years, or both. For purposes of this paragraph, 'controlled country' means any communist country as defined in section 620 (f) of the Foreign Assistance Act of 1961."

Page 49, line 20, strike out the closed quotation marks and final period.

Mr. DORNAN. Mr. Chairman, in his magnificent speech before the AFL-CIO on June 30, 1975, writer Alexander Solzhenitsyn recalled the penetrating insight of the father of Soviet communism, Lenin, into the sad behavior of a myopic capitalist class which has lost the will to defend its own interests. I quote Solzhenitsyn from that brilliant speech:

I must say that Lenin foretold the whole process, Lenin, who spent most of his life in the west and not in Russia, who knew the West much better than Russia, always wrote and said that the western capitalists would do anything to strengthen the economy of the USSR. They will compete with each other to sell us goods cheaper and sell them quicker, so that the Soviets will buy from one rather than from another, he said: "comrades, don't panic, when things go very hard for us, we will give a rope to the bourgeoisie, and the bourgeoisie will hang itself."

Then, Karl Radek, who was a very resourceful wit, said: "Vladimir Ilyich, but where are we going to get enough rope to hang the whole bourgeoisie?" Lenin effortlessly replied, "they will supply us with it."

I do not like to think of people in terms of class. No one in this body does. I do not think that anything more than a small fraction of the business community is as decadent or as myopic as the Communists of the East suggest. But we must face up to a truth that can no longer be ignored.

There are indeed crass business interests, whose whole world is defined solely in terms of profit margins and balanced books, and who would indeed sell the Soviet Union that technological rope whereby they could hang all of us, that is, incinerate us in a nuclear inferno. If this were not true, if this were only pure fantasy, what I am not saying, we would not need this act at all. We would not even be debating this measure and its amendments. There would be little need for definitions, controls, rules, regulations or records pertaining to the export of high-level technology. But, of course, we live in a radically different world than that ideal utopia where all businessmen are honest, upright, broadminded and patriotic. It is not my intention this evening to get involved in personalities or discuss in detail the attitudes and actions of a very few, select companies, which I, and most of the American people, find reprehensible and directly contrary to the security of the Nation. However, we know the problem exists. It cannot be dismissed. It cannot be ignored.

Some weeks ago, Jack Anderson carried a story on the secret testimony of Larry Brady, formerly Acting Di-

rector of the Commerce Department's Export Office.

□ 1840

It was the talk of our cloakroom on the minority side, and I assume the same on the majority side. Jack Anderson made public what most of us in this House have known all along, the export control systems are in a shambles and that the safeguards written into the regulations are not worth the paper they are written on. That is an Anderson quote.

The Soviets now sign "end-use" statements promising they will not divert hardware for military purposes.

Anderson continued in that column:

There is no effective way to make sure that the Soviets live up to their promise. Instead the Commerce Department relies on the fox to guard the henhouse. On-site inspections are made by representatives of the U.S. companies that sold the products. Not only are these employees often non-Americans, but they have a very strong motive for ignoring Soviet violations, explained Brady.

The company wants to sell more, and he knows very well that if he reports a diversion to military use, he is not going to be able to sell more.

"For the same selfish reasons American company executives are unlikely to squeal on their customers, another Commerce Department official told us"—and "us" being Jack Anderson—end of his column.

Mr. Chairman, enough is enough. The patience of the American people has been tried. We have to put teeth into our laws and to prevent the leakage of our hardware to Soviet military use through violations of Soviet-American trade agreements and diversion.

The CHAIRMAN. The time of the gentleman from California (Mr. DORNAN) has expired.

(By unanimous consent, Mr. DORNAN was allowed to proceed for 1 additional minute.)

Mr. DORNAN. The total volume of trade with the Soviet Union has jumped from \$191 million in 1970 to \$2.8 billion last year. During that same period, total trade with all of the Communist bloc nations has increased from \$579 million to more than \$6 billion.

There has, in other words, been a tremendous growth in the volume of trade. There is solid evidence that a substantial part of that traffic—computers, ball-bearings, and chemical processes have direct military application.

For those reasons, I simply ask my colleagues to put teeth into this bill, and that is the substance of my amendment.

I urge its adoption.

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

Mr. DORNAN. I yield to the gentleman from California, who has just attended with me an interesting visit to the Soviet Union to see how their people are denied common consumer goods, to the direct technology and scientific community.

Mr. LAGOMARSINO. I thank the gentleman for yielding.

I was going to refer to our trip also.

Everything I saw leads me to the conclusion that the people, especially the people, the members of the Supreme Soviets in the Presidium, whom we met with, are every bit as dedicated to the

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ideals of Lenin as they ever were. I think the gentleman's amendment is an improvement to the bill. I accept it.

Mr. BINGHAM. Mr. Chairman, I rise in opposition to the amendment.

We have in this bill doubled the penalties for violations of this entire bill.

The gentleman's amendment would provide a special penalty of \$100,000 or 10 years in prison for one particular kind of violation, a violation of something which is already prohibited under the law.

It would provide a more severe penalty, for example, than somebody exporting an item of military significance without a license, or a deliberate violation of the law.

Now, the fact of the matter is that not only does the amendment offend in this respect, but the amendment is entirely unnecessary, because the Commerce Department already has the authority to apply penalties to persons failing to report diversions under paragraph 387.5(c) of the Export Administration regulations issued under the existing law. Those regulations read in pertinent part:

Every person who has made any representation, statement, or certification must notify, in writing, the Office of Export Administration of any change of any material fact or intention from that previously represented, stated, or certified. Such notification shall be made immediately upon receipt of any information which would lead a reasonably prudent person to believe that a change of material fact or intention has occurred or may occur in the future.

Now, that would apply to the situation the gentleman is referring to. That is the case where there have been assurances of and use that were then violated and it came to the attention or should have come to the attention of the shipper.

Under this, under our bill, violation of this provision would bring a penalty of up to \$50,000 and/or 5 years of imprisonment for violation of that provision.

So that this is the type of amendment which I do not think we should try to deal with on the floor at this late hour. It is something that was not brought up before the committee. The problem is taken care of in the existing legislation. I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. DORNAN).

The question was taken; and on a division (demanded by Mr. DORNAN) there were—ayes 7, noes 11.

Mr. DORNAN. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1900

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pur-

suant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from California (Mr. DORNAN) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

Mr. BINGHAM. 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. AuCORN), having assumed the chair, Mr. SEIBERLING, 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. 4034) to provide for continuation of authority to regulate exports, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the amendments considered on the bill, H.R. 4034.

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

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 399, MAKING CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1980

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 96-441) on the resolution (H. Res. 408) providing for the consideration of the House joint resolution (H.J. Res. 399) making continuing appropriations for the fiscal year 1980, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 402, MAKING CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1980

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 96-442) on the resolution (H. Res. 409) providing for the consideration of the House joint resolution (H.J. Res. 402) making continuing appropriations for the Federal Trade Commission for the fiscal year 1980, and for other purposes, which was referred to the House Calendar and ordered to be printed.

APPOINTMENT OF CONFEREES ON S. 640, MARITIME APPROPRIATION AUTHORIZATION ACT, 1980

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 640) to authorize appropriations for fiscal year 1980 for certain maritime

programs of the Department of Commerce, and for other purposes, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York? The Chair hears none and, without objection, appoints the following conferees: Mr. MURPHY of New York, Mr. BRAGG, Ms. MIKULSKI, Messrs. DONNELLY, McCLOSKEY, and SNYDER.

There was no objection.

PERSONAL EXPLANATION

Mr. MITCHELL of Maryland. Mr. Speaker, I ask that the RECORD reflect that I and four of my colleagues were downstairs in room H-139 on the final passage of the transportation appropriations bill. We missed the vote.

Had I been present, I would have voted "aye" on final passage on that piece of legislation.

REGULATION COSTS EVERYONE

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

Mr. ROTH. Mr. Speaker, too often we lose sight of the impact that our ever-increasing bureaucracy and the cost of rules and regulations have on individuals in our country.

Business and industry come up against these regulations and their costs every day, and we are all aware of the burden that government intervention has had on the small businessman. It is important that we not forget that this burden is passed on to the American people in the form of increased costs for products and services, as well as through inflation and unemployment.

I urge my colleagues to take the time to read the following editorial that appeared in the DePere Journal, DePere, Wis. The editors of that paper have reminded us that we are all affected in many ways by overregulation and we must continue to fight the battle of the growing bureaucracy.

The following editorial appeared on September 6, 1979:

THE PRICE OF REGULATION

(Every government official or board that handles public money should publish at regular intervals an accounting of it showing where and how each dollar is spent. We hold this to be a fundamental principle of democratic government.)

What does government regulation have to do with me?

Many of us ask that. While red tape and filling out forms may be rough for the merchant and manufacturer, that, after all, is one of the headaches of doing business. It doesn't cost us anything.

Or does it?

The hard fact is that excessive regulation, which has multiplied in recent years, doesn't stop with the person or firm being regulated. The impact takes a variety of forms, but two stand out—inflation and unemployment.

When government piles on new rules and regulations, businesses have to spend money to comply. This boosts their costs and, if they don't want to go broke, they have to pass those extra costs along in the form of higher

prices to customers—to us. This isn't theory. It's reality. We've seen it happen, for instance, when we buy a new car meeting all the latest anti-pollution, safety, energy-saving and you-name-it regulations. This occurs in industry after industry, adding fuel to the general inflation.

Regulatory burdens also affect jobs. First, there are direct effects, such as an even-higher minimum wage that prices youngsters and unskilled workers out of job markets and laws that mandate higher-than-average wages in construction. Second, and perhaps more significant, is the long-range effect: draining off dollars and know-how and effort that would have gone into expansion of businesses and creation of new jobs needed for a growing work force.

These are the things we should remember every time the bureaucrats and politicians call for another dose of government regulation, and we should ask ourselves, and them, "Who is really going to get hurt?"

□ 1910

FAST TRACK—FAST SHUFFLE OR QUICK TAKE?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 15 minutes.

○ Mr. CORCORAN. Mr. Speaker, a significant part of President Carter's latest energy program is the Energy Mobilization Board, and H.R. 4985 responds to the President's request for an EMB. The problem, which under this bill gives birth to the EMB, is excessive Government regulation that stymies energy development and production. The preferred solution is that Congress create another agency to shepherd key energy projects through the bureaucratic maze, eliminating redtape, and knocking down Federal, State, and local laws which impede their progress.

My opposition to the EMB is based both on the issue of whether another Federal agency is the best way to solve energy regulatory roadblocks, and the unprecedented grant of Federal authority to waive Federal, State, and local substantive laws in the name of more energy.

EMB WOULD BE ANOTHER BUREAUCRACY

Back in 1976, while a candidate for the White House, our current President, Jimmy Carter, said:

I am strongly opposed to the proliferation of new agencies, departments, bureaus, boards and commissions, because it adds on to an already-confused Federal bureaucratic structure.

It is interesting to recall that not 7 months had lapsed in President Carter's term before he signed into law a new Energy Department. Over 300 House Members—and I was among them—supported the President on this reorganization measure to consolidate all existing energy-related agencies into one new department. The declaration of findings and purposes of that bill made the case for reorganization:

FINDINGS

Sec. 101. The Congress of the United States finds that:

(5) formulation and implementation of a national energy program require the integration of major Federal energy functions into a single department in the executive branch.

PURPOSES

Sec. 102. The Congress therefore declares that the establishment of a Department of Energy is in the public interest and will promote the general welfare by assuring coordinated and effective administration of Federal energy policy and programs. It is the purpose of this Act—

(2) to achieve, through the Department, effective management of energy functions of the Federal government, including consultation with the heads of other Federal departments and agencies in order to encourage them to establish and observe policies consistent with a coordinated energy policy * * *

However, here we are, just 2 years later, and the President is now asking for two more energy agencies, the EMB and the Energy Security Corporation to finance \$88 billion of Government-sponsored synthetic fuel projects. Apparently, he now wants three energy spokesmen—DOE, EMB, and ESC. I think one is plenty.

This proposal reminds me of the ill-starred Consumer Protection Agency of the 95th Congress. The parallel is that the proponents of each argue that because certain interests—consumer and energy—are not being adequately represented, we need to create a new agency to go into the regulatory process to represent these special interests. Fortunately, the House of Representatives wisely rejected the CPA on February 7, 1978 by a vote of 227 to 189.

More Government is not the answer to our energy problems. The EMB is a good example of that old congressional practice of never terminating Government programs or agencies, but rather laying new programs and agencies over existing ones. And what has this brought us? Writing in a recent issue of the Washington Monthly, Robert M. Kaus supplies the answer: "a government that is inefficient, incompetent, and unpopular."

Continuing in his excellent analysis, "How the People Lost Control," he comments:

It was a jerry-built system back in 1937, and each succeeding attempt to patch it up has only made things worse. For four decades, it has polluted our concept of democracy, shackled our political imagination, and distracted our potential leaders.

I can think of no better description of what Congress has done to fix our energy problems since the Arab Oil Embargo of 1973-74. Coupling the sound and the fury of Government rhetoric, Government pricing policies, Government allocation programs, indirect Government subsidies to OPEC and the like, to an EMB and the ESC—into which the President wants to pump \$88 billion of taxpayer money—may give Mr. Kaus good copy for future years, but I do not see how this will reduce our self-inflicted dependence on foreign oil.

"Can we truly cut through the regulatory requirements without examining the underlying body of environmental law?" asked former Deputy Administrator of the Environmental Protection Agency John Quarles, in an August article in the Wall Street Journal. He drew upon his experience and answered, "Until the dilemma is faced honestly, the chief danger awaiting the Energy Mobilization

Board is one of false expectations." He offered other insights:

This branch-by-branch review will be no easy task. But it is the only way. Done with skill, that pruning could strengthen, not weaken, environmental protection.

The procedural waiver in reality is a legislative device for ducking the issue—it provides a mechanism to support supposedly faster approval of energy projects but does not support exemptions from environmental requirements. It thus provides a handy set of mirrors—so useful in Washington—by which a politician can appear to kiss both sides of the apple.

This blunt assessment is too rarely heard. In the Minority Views elsewhere in this report, my colleagues note that—

This bill does not assure that there will be a major reevaluation of the laws and regulations which are strangling economic development in this country. We will be working to ensure that laws and regulations which detrimentally affected energy and economic development are reevaluated in the years ahead.

I agree with the diagnosis; filling the prescription, however, cannot be delayed.

EMB WOULD HAVE TOO MUCH AUTHORITY

Regarding my second concern, that of granting the EMB authority to trample on existing laws at every level of American government, let me first point out that, to my knowledge, everybody is against redtape. I do not know of any candidate ever running for public office on a platform of more redtape. But redtape is not the issue.

The real issue is: How do we resolve conflicts between the economy, energy, and the environment? How do we balance off the need for more energy with cleaner air? What about the contrary goals of more energy and adequate supplies of clean water in a growing economy? And so the hard choices go, but the EMB does not give us a workable framework for resolving these issues which abound all over America today.

The public interest in these cases is a good deal more complex. Alfred E. Kahn, adviser to the President on inflation, and Chairman of the White House Council on Wage and Price Stability, spoke to the American Bar Association recently; the President's congressional liaison assistant, Frank Moore, sent each Member of Congress a copy to highlight "the role of regulatory reform in an anti-inflation program." In that speech, Dr. Kahn aptly noted—

The benefits of environmental protection and clean-up . . . are real; so are the costs they impose on the economy . . . These regulations must be subjected to economic tests—to a weighing of the costs against the benefits—if they are to be rational.

Obviously, the President's men are aware of the problem, and as the Washington Post editorialized February 7, 1978, in its opposition to the Consumer Protection Agency:

It may involve balancing a given degree of safety against a certain increment of cost, or keeping down tomorrow's price increases without jeopardizing next year's supplies, or making a much more complicated type of accommodation among a hundred forces and factors bearing on the marketplace.

Our current laws and agencies are not doing a very good job of resolving these

D 1136

CONGRESSIONAL RECORD—DAILY DIGEST *September 11, 1979*

Agriculture Appropriations: House disagreed to the Senate amendments to H.R. 4387, making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1980; and agreed to a conference. Appointed as conferees: Representatives Whitten, Burlison, Traxler, Alexander, McHugh, Natcher, Hightower, Jenrette, Andrews of North Dakota, Robinson, Myers of Indiana, and Conte.

Page H7647

Consumer Checking Account Equity: By a ye-and-nay vote of 367 yeas to 39 nays with 5 voting "present", Roll No. 454, the House voted to suspend the rules and pass H.R. 4986, amended, to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to receive share draft deposits. Agreed to amend the title of the bill. This motion was debated on Monday, September 10.

Pages H7650-H7651

Export Administration Amendments: House continued consideration of H.R. 4034, to provide for continuation of authority to regulate exports; but came to no resolution thereon. Proceedings under the 5-minute rule will continue on Wednesday, September 12.

Agreed To:

An amendment that adds language to the "Findings" portion of the bill stating that the minimization of restrictions on exports of agricultural commodities and products is of critical importance to the maintenance of a sound agricultural sector;

An amendment that makes it a policy to use export controls to restrict exports where necessary to countries which violate the principles of the Monroe Doctrine;

An amendment that states it is the policy of the United States to minimize restrictions on the export of agricultural commodities and products;

An amendment that requires the Secretary of State to enter into negotiations to eliminate foreign availability of goods or technologies critical to the national security of the United States which would permit a significant contribution to the military potential of an adversary country;

An amendment that requires that reliable evidence be used in the determination of foreign availability when it is the basis of a decision to grant an export license;

An amendment that requires that intelligence information concerning the foreign availability of items be made available to the Office of Export Administration;

A technical amendment;

An amendment that strikes language prohibiting the United States from imposing controls on the re-export of United States items from COCOM;

An amendment that requires the Secretary to notify Congress before any export license is approved for the export of goods or technologies over \$7 million to any country supporting international terrorism;

An amendment that provides new military critical technologies language stating that export controls should be implemented for goods which would transfer military critical technologies to countries to which exports are controlled, and requires that the initial list of military critical technologies be completed and published by October 1, 1980 (agreed to by a recorded vote of 273 yeas to 145 noes, Roll No. 455);

An amendment that requires the Secretary, where export licenses have been denied for national security or foreign policy reasons, to include in the notice of denial what modifications would allow the export of goods or indicate which Department officials would be available for consultation with regard to such modifications; and

An amendment that requires, in issuing rules and regulations to carry out national security controls provisions, that particular attention be given to the difficulty of devising effective safeguards to prevent a country that poses a threat to United States security from diverting critical technologies to military use, the difficulty of devising effective safeguards to protect critical goods, and the need to take effective measures to prevent the re-export of critical technologies from other countries to countries that pose a threat to United States security (agreed to by a recorded vote of 272 yeas to 137 noes, Roll No. 457, after having previously been rejected by a division vote of 20 yeas to 24 noes).

Rejected:

An amendment that sought to strike the word "significant" from language expressing the need for export controls for national security purposes on goods or technologies that make a "significant" contribution to the military potential of other countries;

An amendment that sought to strike the indexing provisions in the bill (rejected by a recorded vote of 201 yeas to 206 noes, Roll No. 456); and

An amendment that sought to provide for congressional committee acquisition, within 10 days, of records relating to any action concerning the administration of export controls for national security purposes, and to require that records of actions taken pursuant to this Act be retained for at least 5 years (rejected by a recorded vote of 109 yeas to 296 noes, Roll No. 458).

Pages H7652-H7683

Committee To Sit: Committee on Agriculture received permission to sit during proceedings of the House under the 5-minute rule on Wednesday, September 12.

Page H7683

Presidential Message—Defense Program: Received and read a message from the President wherein he outlines the initiatives the Administration has taken to

Bailey Brown, of Tennessee, Cornelia G. Kennedy, of Michigan, and Boyce F. Martin, Jr., of Kentucky, each to be a U.S. Circuit Judge for the Sixth Circuit;

James M. Sprouse, of West Virginia, to be U.S. Circuit Judge for the Fourth Circuit;

Richard D. Cudahy, of Wisconsin, to be U.S. Circuit Judge for the Seventh Circuit;

Mary M. Schroeder, of Arizona, and Otto R. Skopil, of Oregon, each to be a U.S. Circuit Judge for the Ninth Circuit;

William L. Hungate, to be a U.S. District Judge for the Eastern District of Missouri;

Harold F. Sachs, and Scott O. Wright, each to be a U.S. District Judge for the Western District of Missouri;

Zita L. Weinshienk, and Jim R. Carrigan, each to be a U.S. District Judge for the District of Colorado;

Matthew J. Perry, Jr., C. Weston Houck, and Falcon B. Hawkins, each to be a U.S. District Judge for the District of South Carolina;

George Arceneaux, Jr., Veronica D. Wicker, and Patrick E. Carr, each to be a U.S. District Judge for the Eastern District of Louisiana;

John V. Parker, to be a U.S. District Judge for the Middle District of Louisiana;

John M. Shaw, to be a U.S. District Judge for the Western District of Louisiana;

Robert J. Staker, to be a U.S. District Judge for the Southern District of West Virginia;

Avern Cohn and Stewart A. Newblatt, each to be a U.S. District Judge for the Eastern District of Michigan;

Benjamin F. Gibson and Douglas W. Hillman, each to be a U.S. District Judge for the Western District of Michigan;

Richard M. Bilby, to be a U.S. District Judge for the District of Arizona; and

Edward C. Reed, Jr., to be a U.S. District Judge for the District of Nevada.

Committee indefinitely postponed action on the following seven private relief bills: S. 60, 63, 167, 177, 302, 978, and 484.

Also, Committee considered the nominations of J. Jerome Farris, and Betty B. Fletcher, both of Washington, each to be a U.S. Circuit Judge for the Ninth Circuit, but did not complete action thereon.

CRIMINAL CODE REVISION

Committee on the Judiciary: Committee began hearings on S. 1722 and 1723, bills to reform the Federal criminal laws and streamline the administration of criminal justice, receiving testimony from Attorney General Benjamin R. Civiletti, Philip B. Heymann, Assistant Attorney General, Criminal Division, and Ronald L. Gainer, Deputy Assistant Attorney General, Office for Improvements in the Administration of Justice, all of the Department of Justice.

Hearings continue on Thursday, September 13.

ILLEGAL DRUGS

Committee on the Judiciary: Subcommittee on Criminal Justice held oversight hearings on the scope of narcotics' use and abuse in the U.S. and abroad, and the adequacy of programs of the Drug Enforcement Administration to cope with the illegal drug traffic, receiving testimony from Senator Nunn; Charles F. C. Ruff, Acting Deputy Attorney General, and Peter B. Ben-singer, Administrator, Drug Enforcement Administration, both of the Department of Justice; Lee I. Dogoloff, Assistant Director for Drug Policy, Domestic Policy Staff; William Pollin, Director, National Institute on Drug Abuse, Department of Health, Education, and Welfare; and Donald Pomerleau, International Association of Chiefs of Police, Gaithersburg, Maryland.

Hearings continue on Thursday, September 13.

SMALL BUSINESS RESEARCH AND DEVELOPMENT

Select Committee on Small Business: Committee resumed hearings to explore the potential of small businesses to contribute in solving the energy crisis, receiving testimony from Clark Houghton and Philip Chisholm, both of the National Oil Jobbers Council, Jack A. Blum, Independent Gasoline Marketers Council, James L. Feldesman, and Fabio Saturni, Independent Terminal Operators Association, all of Washington, D.C.; Thomas N. Allen, Society of Independent Gasoline Marketers of America, Richmond, Virginia; Harold West, West Oil Company, Winfield, Alabama; Bailey S. Root, Newport, Kentucky; and R. J. Gaffney, Highway Oil, Inc., Topeka, Kansas.

Hearings continue on Wednesday, September 26.

House of Representatives

Chamber Action

Bills Introduced: 21 public bills, H.R. 5227-5247; 4 private bills, H.R. 5248-5251; and 5 resolutions, H.J. Res. 395, H. Con. Res. 183 and 184, and H. Res. 402 and 403 were introduced.

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Bills Reported: Reports were filed as follows:

H.R. 4746, to make miscellaneous changes in the tax laws (H. Rept. 96-423);

H.R. 2441, to amend the Federal Aviation Act of 1958, relating to aircraft piracy, and to provide for combating terrorism, amended (H. Rept. 96-424); and

H.R. 24, General Accounting Office Act of 1979, amended (H. Rept. 96-425).

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