

way that allows adequate time, appropriate time for debate, discussion, amendments, and voting.

Knowing this Iraq supplemental would be delivered to us about a week and a half ago, we set out with the plans of last week being very intensive in terms of hearings, the flow of information, with the goal this week of addressing this bill on the floor of the Senate.

Today, a few minutes ago, the chairman and ranking member reported out the supplemental bill through the Appropriations Committee and thus it is ready to be brought to the floor, which we expect to be tomorrow. We will be propounding a unanimous consent here shortly in that regard.

We would see that bill be debated on tomorrow, the next day, and Friday—for the next 3 days—again with adequate time for amendment and debate. Then at the close of business Friday we would begin our recess and spend that next week on the recess, which is through the 13th, and on Tuesday the 14th return and continue with that debate over that week.

The agreement is essentially that we would complete action on that supplemental bill by the end of that week, the week of October 14th through the 17th, by close of business October 17.

In coming to this agreement, it is with a lot of good faith on everybody's part that we will be able to consider all amendments that pertain to the supplemental request, recognizing there will be a lot of amendments on both sides of the aisle and that we deal with those in a way that is fair to both sides. That is the general framework, and I will turn to the Democratic leader to further elucidate on what this general understanding is.

Mr. DASCHLE. Mr. President, I would simply acknowledge that the majority leader has described our understanding very accurately. I believe we are in a position now to agree to the motion to proceed. It would be our expectation we could take the bill up tomorrow morning. I understand the majority leader has suggested maybe an hour of morning business and then we would take up the bill and begin the debate with amendments to be offered by colleagues on both sides.

It is our expectation that we will have an opportunity to offer these amendments and get votes, either on or in relation to—that is a tabling or an up-or-down vote—on these amendments. But it is also our understanding that we will work to finish this bill, as the majority leader has described, by I believe it is October 17, which is that Friday after we return. I think that gives the Senate adequate time to address the bill, to consider amendments. Obviously we need cooperation from Senators on both sides of the aisle with regard to the time requirements because, as the majority leader noted, there are a number of amendments to be offered. The only way we can assure Senators have a voice and have the op-

portunity to be heard is to accommodate all of those who wish to offer amendments by limiting some of the time that will be required for the debate on these amendments.

So it is my hope that working through our managers and my extraordinary partner, the assistant Democratic leader, we can orchestrate the debate with amendments in a way that will accommodate this schedule.

But it is a fair schedule, it is an appropriate schedule, and I think we have the basis of experience now from which to draw the confidence that we can make this work. We have tried this now on several appropriations bills with success without exception. I am hopeful we can demonstrate once again that we can be successful in this—I think the majority leader used the right phrase—good-faith understanding of the way this bill is going to be considered.

I strongly support the effort and hope we can have the good debate we anticipate and expect the cooperation of all Senators as we enter into this arrangement.

I yield the floor.

Mr. FRIST. Mr. President, I will simply close and say it is important for our colleagues to understand that the Democratic leader and I and our assistant leaders and the managers have all worked very closely to come to this understanding, working with good faith as we go forward. I appreciate the cooperation on both sides of the aisle in that regard.

With regard to tomorrow, I do ask unanimous consent that on Wednesday, October 1, at 10:30 a.m., the Senate proceed to the consideration of the supplemental appropriations bill for Iraq and Afghanistan, provided further that it be for debate only until the hour of 12:30, and that the time be equally divided until that time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. FRIST. Mr. President, with that being the case, I think we have a good outline and good plan to address this very important issue, where the difference in philosophies will be expressed and where we can improve where this particular bill needs to be improved.

With that understanding, I think we could announce no more votes for tonight.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### FAA BILL

Mr. REID. Mr. President, the Congress, through legislation, has de-

manded that airport baggage screeners must be public employees. That was a conscious decision made by this Congress, and it was signed by the President.

As a government, we should be equally clear that air traffic controllers should also be public employees accountable to the people they serve.

Acting responsibly, the House and Senate both passed provisions in their respective FAA bills that would retain the inherent "governmental function" of the FAA air traffic control towers and employees. But instead of affirming that the safety of air travelers is the responsibility of the U.S. Government, members of the conference committee, at the urging of this administration, passed a conference report that allowed for immediate privatization of 69 air traffic control towers, some of them among the busiest in the country. This was a failure of policy and a failure of process.

Recognizing the committee's mistake, the House of Representatives has now moved to recommit the bill to conference. Hopefully, the conference committee will follow the mandate of the Senate and House and refrain from trying to privatize air traffic controllers.

This is something that boggles the mind of the people of Nevada and I am sure the people of Tennessee and around the country. When the House and the Senate pass a measure by large votes and it goes to a conference committee, which is made up of just a few members, they should not completely change what the Congress did. That is what they have done here, and it is wrong.

In addition, it will be important for the conference committee to readdress issues dealing with the essential air service, cabotage, and flight attendant security training.

It would be a mistake for the House to hastily convene a conference committee that simply strips language dealing with privatization. The conference report must contain language that blocks an administration directive to reclassify air traffic control services as "commercial." This simply clears the way for private contractors to take over.

Keep in mind that private contractors putting things out for bid at the lowest possible price and looking for profit are going to be controlling air traffic in and out of airports. I don't think that is a good idea.

The people who direct air traffic in and out of our airports are performing critical public safety functions. I hope our colleagues in the House will understand that a conference report that simply strips privatization language will not pass the Senate.

This is in no way to threaten or cajole. In fact, it is just the opposite. It is an effort to beg the House of Representatives to do the right thing.

This FAA bill is important. We want to pass an FAA bill. But the conference

report will not come out of this body if it doesn't have privatization language in it.

This will only lead to further delays in funding essential airport infrastructure and security programs so vital to the safety of the flying public and our economy.

The FAA bill is a jobs and air safety bill, which Congress must pass. We can do this the hard way or the easy way. Of course, I prefer the easy way because it is the right answer for America.

I urge our colleagues to work with us to craft a revised FAA conference report that honors the overwhelming sentiment in Congress against privatization of air traffic control operation and maintenance, protects the U.S. aviation industry from unfair foreign competition, and ensures that the Nation's flight attendants receive mandatory antiterrorism training.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. TALENT). Without objection, it is so ordered.

#### MORNING BUSINESS

Mr. MCCONNELL. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### DEFENSE PRODUCTION ACT REAUTHORIZATION

Mr. DODD. Mr. President, later today, or at some point, I gather that the Defense Production Act reauthorization bill will be before the body. It expires today, so there is a sense of urgency, I gather, in getting this bill done.

When the bill comes up, my intention is to offer an amendment to the Defense Production Act, the reauthorization bill, for the consideration of my colleagues. I gather from conversation my staff and others have had that there will be possibly some objections to this amendment over jurisdictional grounds.

My hope is something can be worked out on this amendment, so that we can avoid that particular situation. Let me tell you why I say that. This bill, if reauthorized, would reauthorize the Defense Production Act for 5 years.

Presently there is a system in place which allows defense contracts to go to prime contractors, where, as a result of a provision that existed since World War II, offset agreements are permitted in such a way that despite the amount of money we will allocate for these defense contracts, these offset

agreements basically wipe out the dollar amounts that would go to subcontractors and others. The net result is that each year we are losing about 10,000 jobs in the manufacturing sector because of these offset agreements, which were written primarily—I am almost quoting—to provide assistance to war-torn Europe at the end of World War II. It made a lot of sense to try to get resources into those struggling countries so they could get on their feet after the devastation that occurred during World War II.

So these offset agreements were principally designed to assist struggling nations to get back on their feet. There are a lot of ways you might want to describe the European Community today but "war-torn" is hardly one we would use to describe it. These provisions have existed for almost 50 years, and their usefulness is long over.

This really hurts smaller contractors in the U.S. I want to lay out what this amendment will do, if I get a chance to offer it today. I would have offered it in committee but I was told to wait until we got to the floor to have an opportunity to offer it here. Now I am being told I cannot offer it here because we must get the bill done, it expires today, and we don't have time to deal with it.

If I have to wait 5 more years to bring this up, and if we are losing 10,000 jobs in the manufacturing sector each and every year as a result of that, not to mention the dollar loss, and losing subcontractors on a manufacturing base, then I am hard pressed to understand why we would not find a way to accommodate that which is rather modest language here in this proposal. I will explain why.

The amendment is about one thing—saving jobs. Since the Banking Committee began consideration of this important legislation, I have been discussing an issue of great importance to manufacturers in my State of Connecticut and around the country.

I am referring to the issue of foreign offset contracts. Under these arrangements, a foreign nation will agree to buy products from U.S. defense companies only if our manufacturers outsource a considerable amount of work to that country's labor force. This goes back to the end of World War II, as I mentioned. On the face of it, these arrangements might seem relatively benign, promoting a prosperous defense trade among the U.S. and its military allies.

However, as I have learned over the last number of months, these arrangements may, in fact, be weakening the U.S. defense industrial base and producing considerable job losses throughout our Nation. These arrangements are a relic of World War II, when our Nation decided that offset arrangements were one aspect of rebuilding war-torn Europe. I do not think anybody could call me bold or rash if I were to say that the economic infrastructure of Europe as a whole is no longer war-torn in the beginning of the

21st century. On the contrary, it is highly developed and very advanced.

Yet some of our allies on that continent continue to insist that offset arrangements remain a condition of contracting with American firms, particularly defense firms. This is not an issue of trade or protectionist policies. As most colleagues are aware, I have long supported both bilateral and multilateral trade agreements, such as the ratification of GATT and the establishment of fast-track authority for the American President. I am a believer in international trade. That is not what this amendment is about.

This amendment is about outdated practices that, by and large, have caused needless transfer of a countless number of U.S. jobs to our trading partners and our allies, particularly in Europe.

I must confess that when I first began to look at this issue, I was a skeptic. I thought this migration of American jobs abroad was simply the painful but unavoidable byproduct of international trade, and I thought these losses were outweighed by the benefits of trade. But upon further study, I have come to the conclusion that these offset agreements are resulting in the needless loss of American jobs with little or no compensating benefits. Let me explain why.

What impact do these agreements have on our country, on our businesses, and on our workers? The answer is, by and large, a highly negative one. This is not just the opinion of this Senator. It is the well-considered conclusion of nonpartisan, highly informed sources at the General Accounting Office and the Department of Commerce under this administration, I might add. It is also the opinion of business leaders, many of whom think offset agreements are little more than a form of coercion. Business leaders in my own State have told me they see offsets as no better than a necessary evil, a tax on their ability to export their goods and services.

The Commerce Department recently reported that in the year 2000—I hope my colleagues will listen to this—the Commerce Department reported in the year 2000, out of \$5.6 billion exported by the U.S. aerospace and defense industries, \$5.1 billion was offset by these arrangements. In other words, offset arrangements imposed on contracts with American firms amounted to nearly 90 percent of their export value.

In the year 2002, 2 years later, and 2003, this year, the total value of offsets is projected to be close to 100 percent by the Department of Commerce on the value of these contracts, virtually eliminating any gains from U.S. exports of these goods.

Moreover, the Commerce Department says offsets are displacing between 9,000 and 10,000 American workers annually, and that is a conservative estimate, I might add. With these kinds of figures, it is difficult to see how the United States could benefit at all from these offset contracts.