

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 President, I ask unanimous consent that the order for the quorum call be rescinded.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

Let me repeat the numbers. According to the Department of Commerce, of the \$5.6 billion exported by the U.S. aerospace and defense industries, \$5.1 billion was offset by arrangements to these countries. Lately, in 2002 and 2003, the Department of Commerce estimates that close to 100 percent of the value of these contracts will be eliminated, the gains will be eliminated from the export of these goods, and losing almost 10,000 jobs a year is something that ought to concern each and every Member.

What makes this issue even more distressing is that as a result of these arrangements, we are not only losing these jobs unnecessarily, in my view, given the long outdated necessity for offset agreements with the European Community, but we are losing our Nation's military industrial capacity, and that ought to be a serious matter to all of us here. We need to be vigilant in maintaining an industrial base when we can in these critical industries.

Essentially, U.S. contractors are helping other nations build up their strategic industries at the expense of the United States's defense manufacturing base, and the U.S. Government is doing nothing, unfortunately, to stop this from happening. Our prime contractors admit this is an unfortunate trend and insist they are being forced to follow these arrangements to stay competitive in their foreign contract bids.

As I see it, these offsets amount to unfair trade practices, plain and simple. While U.S. prime contractors may be selling their defense system abroad, they are being coerced—against their wishes—into laying off U.S. workers and domestic suppliers in favor of foreign workers and suppliers. In turn, as the U.S. Defense Department decides to buy these same weapons systems, we are now even more frequently turning to these newly established foreign suppliers.

In several recent reports, the General Accounting Office and the Commerce Department have repeatedly tried to alert Congress to the disastrous effects these arrangements are having on America's economic and defense security, but their warnings have gone unheeded. In fact, the two major governmental bodies established by the Defense Procurement Agency to monitor and coordinate U.S. policy on foreign offsets have been effectively dissolved. The most important of these bodies is the interagency team on foreign offsets whose job it was—is or was—to engage with foreign countries in an effort to mitigate the effects of these offsets.

My colleagues should be alarmed to know that this interagency team, headed by the Department of Defense, has reported no activity since the year 2000. In fact, this team has been stripped of resources and staff. They don't exist.

Certainly, we all understand that the Defense Department has been pre-

occupied with other priorities—I understand that—over the last couple of years; namely, the effort to wage and win wars in Afghanistan and Iraq. No one can seriously claim the Department of Defense should have any higher priorities than those. That is not my point. That is why I think this amendment is critically important to shift to the Department of Commerce the principal responsibility of monitoring and mitigating these offset arrangements.

It is an economic issue fundamentally, and the fact the Defense Department has not financed or staffed this interagency team says to me we ought to shift that responsibility, considering the economic implications of not trying to reduce these archaic and outdated offset arrangements with the European nations and others.

For this reason, my amendment would transfer the authority over the interagency team—this is what the amendment does; it is not a radical amendment at all. The amendment would transfer the authority over the interagency team to the Commerce Secretary and would require the Secretary to negotiate with foreign countries toward the reduction and eventual elimination of all foreign offsets.

In addition, it would expand the Commerce Department's data collection system to include the effects of offset on America's second- and third-tier subcontractors. I believe these provisions would greatly enhance America's response to the growing specter of foreign offset arrangements and provide a clear picture of the total impact these arrangements are having on our economy. But I think we ought to do something more.

As I said before, offset arrangements have essentially allowed foreign governments to coerce U.S. contractors into laying off American workers and shifting their jobs to foreign employees. This is an unfair trade practice, in my view, and must be addressed as such. For this reason, this amendment further directs the U.S. Trade Representative to designate offsets that exceed the total value of the underlying contract as unjustifiable and burdensome on U.S. commerce, subjecting the country to U.S. sanctions accompanying such a designation.

Already various important policy and trade organizations and associations have expressed their support for the proposal I wish to offer to the Defense Production Act, including the International Association of Machinists and Auto Workers, the American Shipbuilding Association, the AFL-CIO, the Manufacturing Alliance, as well as the Aerospace Components Manufacturers. This is a unique combination of industries, business, and labor saying this World War II proposal is no longer justified.

Let me explain how it works. These offset agreements they insist on—Holland is the biggest offender, by the way. They say to a corporation in the United States: You want to sell your

products. Fine. But you have to provide a certain amount of workers here. So instead of looking around for the best subcontractor to provide, say, ball bearings by a firm in Ohio or Connecticut, they then have to hire the firm in Holland or some other European country. This was designed, as I say, to help Europe at the end of World War II. It made a lot of sense. But 70 years later, the idea that I have to say to a manufacturer in the United States you cannot get this bid because I have to do it to win the contract in Holland—if it was 5 percent or 10 percent, I might think that is unfair. But they are getting 300 percent in Holland—300 percent.

According to the Department of Commerce, the average is now between 90 and 100 percent in every European country. If I thought this bill was going to be authorized for 3 months, I would wait and try to build support. This bill is a 5-year authorization bill. Almost 10,000 jobs a year are going to be lost, not to mention small manufacturing firms that go out of business.

Then when we need those ball bearings, to use that example, we no longer have a firm in Ohio or Connecticut, and I have to deal with a firm in Holland or Sweden or some other place. It is dangerous to lose that industrial base in critical technologies.

This provision of offset contracts has no relevancy in today's world, particularly with the European community. It did maybe 50, 60, or 70 years ago, but not today. I am being told I cannot offer the amendment because I am dealing with a proposal on trade, but if I do not do it here, where do I do it? I have to wait until some trade bill comes along?

Normally, a Senator cannot offer amendments on trade bills. So when do I do it and where do I do it, if I want to make a point? Maybe the proposal will get defeated, but at least I would like to raise the awareness of my colleagues. If there are provisions that do not make sense, let somebody bring up a better idea, but I think it is wrong to continue a situation where 10,000 American jobs get lost because we are sitting around with an archaic idea that has no value and no relevancy.

The manufacturers will tell us that and labor tells us that. They do not like doing it. It is like the Foreign Corrupt Practices Act where we were told over and over we have no choice, but our firms in the United States do not like having to do this. They are being forced to do it in order to win these contracts.

We need to have some ability to negotiate the elimination of these deals, and when they cannot get rid of them, at least to consider it as an unfair trade practice so we can try to work it out so we do not have to rely on them any longer. That is really what the amendment would do.

Again, this whole Defense Production Act goes out of existence tonight, I am told. As I said earlier, I wanted to offer

this amendment in the committee, but I was told not to do it there, to wait until we go to the floor. Now I am on the floor and I am being told do not do it here. So I am sort of stuck in a way. I do not want to tie up a bill. I think defense production is important, but to have to wait 5 more years to come back with this idea is something I do not want to do, either. So I am using this time to encourage people who may have a better idea on how we can resolve this to make some suggestions so we can avoid holding up this legislation.

I do not need to remind my colleagues, I would just say at the end of all of this, that since 2001 we have lost 2.7 million manufacturing jobs in the United States. In Connecticut, we have lost more than 14 out of every 100 manufacturing jobs in the past 3 years. I have 5,400 small manufacturers in my State of over 240,000 people. A lot of them are what we call mom and pop, with 5, 6, 8, 10 people. Some of them are second and third generation.

I see my colleague from New Hampshire, as well as my colleague from Ohio. They have similar situations with small firms in their own States. Many of them provide critical technologies to our major defense contractors. If I thought the offset agreements had some great relevancy today, I would be the first to say we have to live with this; it is an unfortunate reality. But taking an idea we used at the end of World War II to help our allies get on their feet and to still perpetuate it in the year 2003 I think is wrong.

We better say something about it soon and try to do something about it before we just continue the way we are going and seeing a further loss of jobs and a loss of a manufacturing base in critical technologies which I think we will regret deeply in the years to come.

When this bill comes up, if it does come up, I would like to offer the amendment or have someone work out something so we might address this issue in some way that would not delay the enactment of the Defense Production Act but would give me some sense of hope that we could resolve this kind of problem.

I yield the floor.

BIRTHDAY WISHES TO GEORGE GOLSON

Mr. REID. Mr. President, I rise today to express my congratulations and best wishes to George Golson on the occasion of his 90th birthday. A devoted husband, a father of four children, an industrious businessman, an accomplished jurist, and a veteran of World War II, George Golson has led a distinguished life.

Born on October 24, 1913, George received his undergraduate education at the University of Columbia, NY, and his legal education at St. John's University. After practicing law for several years in New York, he served his

country proudly for 4 years during World War II in the Judge Adjutant General office in Liverpool, England.

Upon his return from military service, George Golson built a new home in Columbia, SC, and launched a new career in business. He returned to legal practice in 1958 as a member of the South Carolina Bar, and in 1973 was admitted to serve as Attorney of Law in the Supreme Court of the United States.

In 1980, George Golson established an office in Las Vegas to provide consulting services on legal matters in the field of real estate planning. He became a respected and beloved member of the southern Nevada community, and his work contributed to the dramatic growth and development of the State.

Throughout his long and productive life, George has made the most of his free time. He has challenged himself both intellectually and athletically by writing short stories, composing ballads, music, and lyrics, fishing, and playing racquetball.

Please join me in wishing George Golson the happiest of birthdays.

VOTE EXPLANATION

Mr. REED. Mr. President, I was unable to participate in last evening's vote on the nomination of Carlos Bea to be a U.S. Circuit Judge for the Ninth Circuit due to my participation in a memorial service for Rhode Island National Guardsmen killed while serving in Iraq.

LOCAL LAW ENFORCEMENT ACT OF 2003

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. On May 1, 2003, Senator KENNEDY and I introduced the Local Law Enforcement Enhancement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred in Houston, TX. On May 25, 2003, a Houston high school student was attacked by a teacher's aide in class because he is gay. The teacher's aide, also an assistant coach at the school, allegedly taunted the student with comments about his sexual orientation over the course of the school year. The incident was in full view of the class and was later corroborated by seven or eight other students.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

TRIBUTE TO THE HONORABLE ERNEST F. HOLLINGS

Mr. INOUE. Mr. President, it has come to my attention that Mr. Mark

Shields, whose syndicated column appears in more than 100 newspapers, including *The Washington Post* and the *St. Petersburg Times*, paid tribute in a recent column to our dear friend and colleague, the Honorable ERNEST F. HOLLINGS.

That column was most insightful, as it examined the character of Senator FRITZ HOLLINGS, who, unfortunately, has announced that he will not be seeking reelection to the U.S. Senate after nearly four decades of service in this Chamber.

I hope that throughout the history of our Nation there will always be a FRITZ HOLLINGS. As Mr. Shields noted in his column, FRITZ HOLLINGS "was a leader of uncommon courage and uncommon candor." Indeed, FRITZ HOLLINGS' leadership, courage, and candor will be sorely missed.

I ask unanimous consent that Mr. Shields' column, as it appeared on September 5, 2003, in *The State*, one of the newspapers in Senator HOLLINGS' home State of South Carolina, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

A CANDIDATE WITH THAT RAREST OF ATTRIBUTES: CANDOR
(By Mark Shields)

On Oct. 6, 1983, in a televised debate among Democratic presidential candidates, one candidate said the following about the 1,800 U.S. Marines whom the Reagan administration had then sent to warring Lebanon: "If they were sent there to fight, they were too few. If they were sent there to die, they are too many."

Less than three years later in Beirut, just before dawn on Oct. 23, a terrorist driving a truck loaded with thousands of pounds of explosives plowed into the Marine barracks and killed 241 Americans.

That same presidential candidate went on Nov. 4, 1983, to Dartmouth College, a prestigious Ivy League school with an advantaged student body, and shocked the undergraduates: "I want to draft everyone in this room for the good of the country."

He was not advocating the "old Vietnam-style draft, where if you had enough money, you were either in college or in Canada." His campus audience gasped at the man's discomforting bluntness: "Conscience tells us that we need a cross-section of America in our armed forces. Defense is everybody's business . . . everybody's responsibility. A professional army is un-American. It is anathema to a democratic republic—a glaring civil wrong."

You like candor in your political leaders? This Democrat truly brimmed with the stuff.

That July, to a Washington gathering of the National Council of Senior Citizens—a group with political clout in its membership and Social Security and Medicare benefits on its agenda—he refused to coddle.

Instead, in the face of runaway federal budget deficits, he reminded the seniors, not of the obligations owed to them, but of the seniors' own obligation "to your children and grandchildren." He, alone, would say, "If I'm elected, I will freeze your cost-of-living adjustments for a year."

To a Capitol Hill meeting of defense contractors, pleased and prosperous with President Reagan's doubling of the Pentagon budget, the candidate, himself a combat veteran of World War II, had been frank: "If I'm