

company to offer inexpensive combined service. All the jockeying between the Bells and the long-distance firms is about determining who will get the first shot at combining local and long-distance plans.

The provisions that AT&T et al. succeeded in working into the original committee bill, H.R. 1555, would have placed a series of hazards and roadblocks in the way of the Bell companies, while leaving their path to the market wide open.

The most important of these was the requirement that a local Bell company have a "facilities-based" competitor in its market before being allowed to compete in the long-distance market. In other words, the local company would be blocked from offering long-distance service until some other company had come into its market and built a physical network of wires comparable to the network the local Bell already has in place. In practice, that would be a very, very long time.

Since the legislation also requires the Bells to sell time on their own networks to the long-distance companies at a discount so the time can be resold as part of a local and long-distance package. AT&T, MCI and Sprint would have no reason to build local networks of their own. They would have been able to use the Bell local networks to get into the local service business, while at the same time keeping the Bells from competing with them in the Long-distance business.

The Bells successfully fought that provision, arguing that the market should be opened for everybody all at the same time. So too a slew of other provisions that would also have hindered the Bells' entrance into the long-distance market. That entry is feared by a long-distance industry that appears to have a very cozy environment going for itself.

For all the television ads touting the cut-throat competition among AT&T, MCI and Sprint, it turns out that basic long-distance rates have been going up for the last couple of years, by more than 5 percent a year. More disturbing still, the big three companies, which account for more than 95 percent of the long-distance market, have raised their prices in lock step. This is a happenstance that will likely end once the various Baby Bells are able to bring a new round of competition into the long-distance market.

As for the long-distance companies' argument that the Bells will be able to use their "monopoly" position to dominate the market, it is a little hard to see how a financial behemoth like AT&T is going to be intimidated by a regional phone company. Given that the Bells will be required to discount their lines to the long-distance companies for resale, the Bells' local monopolies become meaningless.

The long-distance coalition plans to do everything it can to kill the telecom bill as it now stands—with the manager's amendment. No bill at all, from the big three's perspective, is almost as good as a bill written to their liking. The long-distance companies can get into the local phone business if local law allows, as it does in almost half the states. But it takes a change in federal law to allow the Baby Bells into the interstate business of long-distance. Nonetheless, the bill is expected to pass next week with the support of the House leadership and Mr. Bliely. That is good news for consumers, for whom the greater the competition, the better.

UNITED STATES RELATIONS WITH SOUTH KOREA

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 1, 1995

Mr. BERMAN. Mr. Speaker, last week the Congress met in joint session to welcome South Korean President Kim Yong-sam.

Four decades after the Korean war, South Korea enjoys a thriving economy and an open political system. Our security interests in Korea have been complemented by a growing American economic interest.

The moving dedication of the Korean War Memorial was testimony to the blood shed by Americans to ensure Korea's future and to our continued interest in Korean prosperity. Mr. Hamilton, ranking member of the International Relations Committee, recently spoke on the state of American-Korean relations at an Asia society meeting.

I commend Mr. Hamilton's remarks to my colleagues. His speech, "The U.S. and South Korea: A Successful Partnership," provides an insightful review of our mutual interests:

THE UNITED STATES AND SOUTH KOREA: A SUCCESSFUL PARTNERSHIP

(By Lee H. Hamilton)

I. INTRODUCTION

South Korea has been much on our minds of late. We watched with sorrow at the climbing casualty list from last month's tragedy in Seoul. We also celebrated with the South Korean people as survivors were miraculously pulled from the rubble of the collapsed department store.

South Korea captures our attention for other reasons, of course. The Korean peninsula presents some of the most challenging issues facing U.S. foreign policy. We are concerned about North Korea's nuclear program, the uncertainties of its leadership succession, and relations between South and North Korea.

Next week, we will welcome Korean President Kim Yong-sam to Washington. We will bestow upon him the honor of addressing a joint session of Congress. That is a true measure of the importance of our friendship with South Korea. Our countries have excellent bilateral relations, marked by a strong security alliance and broad economic ties.

II. SOUTH KOREA'S SUCCESS

South Korea is a great success story.

Consider Korea in 1945. It had been the victim of harsh colonialism for 50 years. The defeat of Japan brought not liberation, but division of the Korean nation along the 38th parallel. Families were torn apart. Customary patterns of trade, communication, and exchange were broken. Soviet occupiers ravaged the northern half of the country.

Five years later saw the resumption of warfare—all the more bitter because it was Korean against Korean. Armies surged up and down the peninsula, bringing death and devastation. Millions lost their lives. Tens of millions more were displaced.

The 1953 armistice brought no real peace. The peninsula remained divided. South Korea, the less prosperous half, was saddled with huge defense burdens to guard against future attack.

What a difference a few decades have made! South Korea is a thriving democracy. It is one of the world's most prosperous countries. Per capita income, which did not reach even \$100 until the 1960s, is now nearly \$10,000. South Korea is no longer a foreign aid recipient; it is a foreign aid donor. The World

Bank points to South Korea to show how a country with few natural resources—other than its people—can transform itself in a generation from one of the poorest countries in Asia to one of the richest.

III. THE U.S.-KOREAN PARTNERSHIP

The Korean-American alliance is robust. It is a treaty commitment, but also a mature friendship built on shared commitments to democracy and free markets.

In fact, South Korea is a major success story for American foreign policy. A free and prosperous South Korea has contributed to peace and stability in a strategic corner of the world—where China, Russia and Japan intersect.

Korea also is a close partner and friend. We share a keen interest in regional stability, economic prosperity, and the control of weapons of mass destruction. Together, we seek to spread democracy and human rights to those Asian countries through which the winds of freedom have yet to sweep.

Nearly a quarter million Americans gave their lives in three Asian wars in the past half century for those objectives, but many times more Koreans died during that same bloody period. We are linked by bonds of common sacrifice.

One startling change in our relations has been the decline in anti-Americanism in Korea. It was not long ago that Korea saw widespread student demonstrations against the United States and frequent demands that U.S. troops be withdrawn. Today there is little of this discord.

The presence of 37,000 American troops in Korea is, as you might expect, an irritant from time to time. Crimes are sometimes committed against the civilian population, and South Korean critics complain that their court have only limited jurisdiction over U.S. servicemen and their dependents.

But by and large, the South Korean people and their government have grown accustomed to Americans: They are no longer controversial or distasteful. The alliance is viewed as mutually beneficial, a normal part of everyday existence. South Koreans, for example, were relieved earlier this year when the Clinton administration announced it would maintain a 100,000 troop level in East Asia.

III. THE U.S.-SOUTH KOREAN SECURITY ALLIANCE

I need not dwell on the reasons for the Korean-American security alliance. On the U.S. side, the stability of Asia is critical to our overall security and prosperity, and our security relationships with Korea and Japan are the linchpins of our presence in Asia.

For South Korea, the benefits are also clear. A hostile North Korea still stations two-thirds of its 1.2 million man army near the Demilitarized Zone. The North has enough artillery targeted on Seoul to reduce it to rubble. It has SCUD missiles and is developing longer-range ballistic missiles. Its dictators have committed terrorist acts. It has had, until recently, a secret nuclear weapons program flaunting the will of the international community.

This does not suggest the North could defeat the South in a war. But it does point out the dangers. The Korean peninsula remains the most dangerous flashpoint in Asia because of its location, North Korea's militarization, and the nature of its government. General Luck, the U.S. commander in Korea, estimates a war on the peninsula could claim a million lives and cost a trillion dollars. Thus, the money we invest in peace and stability on the Korean peninsula is prudent.

IV. ISSUES IN THE RELATIONSHIP

Let me turn to several key issues in the U.S.-South Korean relationship.

A. North Korea's Nuclear Program

North Korea's secret efforts to acquire nuclear weapons are a major threat to U.S. national security. A nuclear-armed North Korea would also jeopardize the stability of the entire region.

Last October, the United States signed an agreement with North Korea to freeze, and eventually eliminate, its nuclear weapons program.

This complex accord will be implemented in stages over a decade or more. In essence, it is a trade. North Korea has halted and will eventually dismantle its nuclear weapons program, accepting extensive international inspections to verify compliance. In exchange, the international community will provide North Korea with alternative energy sources, initially in the form of heavy fuel oil, and later with light-water reactors that cannot easily be used to make nuclear bombs.

The agreement also envisions that we will move toward normalization of political and economic ties between the United States and North Korea, and a resumption of dialogue between the two Koreas.

This agreement does not address every concern we have about North Korea. But it does provide us with an opening—one that did not exist before—to lift the specter of a nuclear arms race from the Korean peninsula, begin a process of meaningful dialogue between the two Koreas, and come to grips with other North Korean activities that concern us.

This time last year, we were on the verge of a confrontation with North Korea—a confrontation no one wanted, and that held little hope of solving the problem of North Korea's nuclear program. Voices in this city, and pundits across the country, called for sanctions and even military strikes.

Today, because of the Geneva agreement, the North has frozen its nuclear program and agreed to a step-by-step process that will eventually eliminate that program.

Some say the Agreed Framework is "frontloaded" in favor of the North. I cannot agree. North Korea has already taken a number of significant steps under the agreement. It has shut down its only operating reactor.

It has halted construction on two new reactors.

It has sealed its reprocessing facility and stopped construction on a new reprocessing line.

It has refrained from reprocessing its spent fuel rods, which would have given the North enough plutonium for four or five nuclear weapons.

And it has admitted International Atomic Energy Agency (IAEA) inspectors and U.S. technicians into its nuclear facilities.

In return, we have provided North Korea with \$5 million of heavy oil. We have also spent \$10 million to ensure the safe storage of the North's sent fuel rods—but this was preferable to having Pyongyang reprocess those rods and obtain enough plutonium for 4-5 nuclear weapons.

North Korea will not get what it really wants—the light water reactors—until well down the line—after all our questions about its past nuclear activities have been resolved. The agreement is frontloaded—but in our favor.

Moreover, North Korea has agreed not only to resume IAEA inspections of its nuclear facilities, but to exceed its obligations under the Nuclear Nonproliferation Treaty (NPT). It has agreed to refrain from reprocessing the spent fuel it possesses, and to shut down its reprocessing facility—even though the NPT permits reprocessing. This means the North cannot obtain plutonium to manufacture nuclear weapons.

This agreement is not based on trust, but on North Korea's performance. The United States will have the means to verify that the North is living up to its commitments. We will pursue our interests by other means if North Korea does not fulfill its obligations. We will not only cancel the deal—we will respond firmly in other venues.

Some critics maintain that we gave away too much, that we could have gotten more from the North Koreans if only we had been better negotiators. I have not seen any evidence to support such claims.

One question often asked is whether North wants this agreement to succeed. Frankly, I don't know. We should expect the North to reopen issues we thought were resolved, and to issue threats designed to gain new concessions. Implementation will be slow, and sometimes painful.

Still, I am persuaded that this agreement is far preferable to any other alternative—as sanctions, or military escalation—at this time.

This agreement does not guarantee that future relations with the North will be without tensions and difficulties. But it will serve U.S. national interests, if it is fully implemented. It has the potential to defuse North Korea's nuclear threat, promote stability on the Korean peninsula, and lead to a more peaceful life for the people of Korea, South and North.

B. South-North Dialog

A dialogue between South and North Korea is also necessary if we are to bridge our differences with North Korea.

Recent events give us some grounds for optimism. Last month officials from North and South Korea spent five days in secret talks in Beijing. The result was an agreement by the South to provide 150,000 tons of rice to help North Korea meet its acute food shortage. A second round of talks between the two Koreas began a few days ago.

South Korea was careful during and after the talks not to humiliate the North. This shows a level of political maturity that bodes well for future South-North contacts. And it's not unrealistic to expect further contacts.

Just as ping-pong opened the door for substantive discussions between the United States and the People's Republic of China, so might rice set the stage for further progress on family reunification, cultural and athletic exchanges, trade and investment, and even a South-North summit.

One of the most pressing topics for South-North dialogue is the security situation along the Demilitarized Zone. The lessons we learned in central Europe during the Cold War can be applied in Korea.

Redeploying conventional forces, and great transparency, can reduce the danger of war along the DMZ.

Confidence-building measures, such as assigning liaison officers to the headquarters of field commands, requiring observers at military exercises, and limiting the size of such exercises, would help reduce tensions.

C. Reunification and the Armistice

On an issue of fundamental importance to the people of Korea, there should be no doubt: The United States supports the peaceful reunification of Korea. The division of the Korean peninsula, and of the Korean people, is artificial and unnatural. Reunification is clearly in U.S. interests: It will eliminate the danger of a new Korean war.

Reunification should be carried out by the Korean people themselves, on terms acceptable to them.

In recent years the North has insisted that the United States and North Korea should negotiate a peace treaty to replace the 1953 armistice agreement that ended the Korean

War. Some of our friends in the South have voiced concern lest the United States, tired of its peacekeeping burdens, take up North Korea on its suggestion.

The United States has insisted, does insist, and will continue to insist that any peace treaty to replace the armistice agreement be negotiated between the two Koreas themselves.

I cannot emphasize this enough: The United States will not permit North Korea to drive a wedge between itself and its ally South Korea. As Ambassador Laney said earlier this year, "The United States will never play the role of an 'honest broker' between the two Koreas—because we are not neutral." The United States will not deal with North Korea behind its ally's back.

D. The Economic Dimension

I have dealt with the security side of the U.S.-South Korean partnership because it is so important. I can also report that our economic ties are closer than ever.

South Korea is our eighth largest trading partner.

South Korean exports to the United States will probably rise by 7 percent this year, to a level of \$22 billion dollars. South Korea is the sixth largest market for U.S. exports, and the fourth largest market for U.S. agricultural goods.

American exports to South Korea may surpass \$30 billion this year. Let me put that in perspective: That is ten times the amount of foreign assistance we provided to South Korea over thirty-three years.

Investment is also robust; the United States, with more than \$300 million in direct investment, is the largest foreign investor in Korea.

Nagging problems are a part of these close economic ties. Unfair trade practices continue to restrict access by U.S. firms to Korean markets. Korea still does not provide sufficient protection for U.S. intellectual property. Indeed, the United States recently kept Korea on the Special 301 "priority watch list."

We also want Korea to open financial services markets, on par with the access we provide to the U.S. market. South Korea has given foreigners greater access to the bond market, raised investment limits for stock holdings in Korean companies, and allowed international organizations to issue local currency bonds—but more needs to be done.

E. Democracy and Human Rights in Korea

Had I been with you to address U.S.-South Korean relations a few short years ago, I would have highlighted grave American concerns about political freedom and human rights in South Korea. Not so today.

We have all been impressed in the last decade as South Korea moved from military to civilian rule, from authoritarianism to democracy, from closed to open politics. We applauded when President Roh Tae Woo broke with Korea's lengthy military tradition and opened the door to civilian rule.

We were thrilled two and a half years ago upon the inauguration of President Kim Young-Sam—the longtime dissident, political prisoner, and champion of Korean democracy.

In recent years we have seen considerable progress in human rights as well, although even South Koreans would concede that there is still room for improvement. The rule of law is not yet assured for every citizen. Preventive detention remains a problem. The labor movement is still handicapped by restrictions. Still, most observers agree that movement on human rights, if not always as swift as we might wish, is in the right direction.

As South Korea evolves into a prosperous democracy, the bilateral relationship between Washington and Seoul deepens and

matures. Our diplomats work closely together on issues far removed from the Korean peninsula. We collaborate in the United Nations and welcome Seoul's bid for membership on the Security Council. We work together on issues involving APEC and the ASEAN Regional Forum. Our partnership extends to global environmental and population issues.

Most important, perhaps, are the personal ties that link our two nations together. The Korean-American community is well represented in every state in the Union. A Korean-American, Jay Kim, now sits in the U.S. House of Representatives.

The South Korean ambassador tells me that several hundred Korean children come here each year for adoption—a particularly poignant manifestation of the ties we share. My next door neighbors have two adopted Korean girls. And a growing stream of students and tourists are turning the Pacific Ocean into a land bridge.

V. CONCLUSION

Periodically, the press in both the United States and South Korea report dangerous rifts between Seoul and Washington. A week or two later, those ominous differences miraculously disappear. Our relationship is durable, strong, and close.

We will disagree from time to time. Our perspectives on even key issues will not always coincide. But on the fundamentals, our two peoples and our two governments are united.

We share a huge stake in maintaining peace on the Korean peninsula and throughout East Asia.

We share an interest in restraining North Korea's nuclear ambitions and its conventional capabilities.

We benefit from economic cooperation and increased trade and investment.

We are committed to the political freedoms that underlie democracy.

And we both are committed to the defense of the freedoms we enjoy and cherish.

In short, we have a sound basis for a lasting friendship.

PUT LOYALTY BACK IN THE WORKPLACE ETHOS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 1, 1995

Mr. LaFALCE. Mr. Speaker, for years I have spoken on the floor and in committee hearings on the urgency of making U.S. companies competitive in the world marketplace. U.S. companies have met this challenge and are beating their international competition by improving products, increasing production efficiency, and adapting to new technologies. In the jargon of the day, the key to this renovation has been corporate restructuring.

Unfortunately, restructuring has left a key element out of the equation for success: America's workers. To attain a positive bottom line, companies have thrown away workers like so many crumpled pieces of paper. General Motors has let go more than 100,000 employees since the 1980's. Corporate America announced record layoffs in 1993—over 615,000. The trend continued in 1994—first quarter—at a rate of 3,100 a day after the recession was over. Examples of announced cutbacks since 1991 have included IBM, 85,000; AT&T, 83,500; Sears, 50,000; Boeing, 30,000; NYNEX, 22,000. This year in February

alone, 30,945 jobs were eliminated by 74 companies, and it is projected that year-end 1995 will tally 400,000 layoffs.

We are in a new phase of corporate downsizing. Loyal workers and managers are let go. But employment is not the only issue. The quality of employment is changing. Lower salaries are imposed because it is a buyer's market and companies can command good employees at low cost. Recent studies, including those by the OECD, show that among the G-7 industrial countries, the United States ranks first in having the longest workweek, the shortest vacation time, and the least weeks of maternity and parental leave.

Mr. Speaker, last month Robert Kuttner wrote in *Business Week* that our best corporations cannot guarantee career security no matter how dedicated the work force. There is no need for companies to make a career commitment to employees. On the other hand, workers loyal and dedicated to their employers deserve loyalty in return. As a society, we must recognize that two-way loyalty in the workplace benefits everyone, and we must find a way to be competitive and successful with more than a bottom-line mentality. Mr. Speaker, I am submitting a copy of Mr. Kuttner's article for the RECORD.

NEEDED: A TWO-WAY SOCIAL CONTRACT IN THE
WORKPLACE

(By Robert Kuttner)

America's best corporations are caught between two opposite first principles. One prizes the engaged, empowered employee. The other views employees as expendable costs. Reconciling these views is like squaring the circle.

It is hard to pick up a business magazine without encountering compelling tales of companies that improved productivity through the "high road"—a policy of empowered employees, teams, and high-performance work. This model implies a reciprocal commitment between management and employees, but in an economy of relentless downsizing something appears to be lacking. The company can only insist that high-performance will be rewarded or even that the employee will keep a job. The corporate social contract in America today, says Anthony P. Carnevale, chairman of the National Commission on Employment Policy, "is the sound of one hand clapping."

You might think this one-sided social contract would have costs to employee morale and hence to productivity. But, evidently, fear is a powerful motivator. In his study of corporate loyalty, *White Collar Blues*, Charles Heckscher was granted access to middle managers at eight large corporations undergoing major restructurings, including General Motors, Dow Chemical, and AT&T. Heckscher, who chairs the labor studies and employment relations department at Rutgers University, found that employees were highly dedicated but had scant confidence that their devotion would be repaid. Yet they retained a surprising degree of loyalty. "Perhaps the principal puzzle in companies undergoing the shock of change," he concluded, "is that it produces so little conflict and disintegration."

GLOWING REPORT

At another conference at the Jerome Levy Economics Institute of Bard College, the keynote speaker was Frank P. Doyle, executive vice president of General Electric Co. Doyle confirmed Heckscher's portrait. GE today does three times the business it did in 1980—with half the workforce. To get there, Doyle said, "we did a lot of violence to the expectations of the American workforce. . . .

We downsized. We de-layered. And we outsourced."

GE is among the most dynamic of U.S. companies, with a deep commitment to imaginative human-resource strategies. For its core employees, GE is an attractive place to work. However even the best of our corporations cannot guarantee career security, no matter how dedicated its workforce. If this is the core, heaven help the periphery.

At a conference at the Radcliffe Public Policy Center, there was much talk about a "new economic equation" to reconcile work and family life. Another corporate manager with a strong commitment to core employees, Robert E. Boruff, vice-president for manufacturing at Saturn Corp., gave a glowing report about how his company offers subsidized child care, flexible hours, and help to workers pursuing more education. But even Saturn uses outsourcing and contingent workers, who do not receive all these benefits.

HIGH-MINDEDNESS?

Corporate America is littered with companies that once prided themselves on generous fringe benefits and no-layoff policies—companies that now devalue health benefits and jettison faithful employees by the thousand. Although they talk a good game, America's most successful companies seem to have decided that a workplace compact is necessary only for their most valued workers. So a humane corporate culture for the entire workforce cannot be anchored in the high-mindedness or event he enlightened self-interest of the corporation.

Employment security, as opposed to job security, is assured only when the economy enjoys high growth and full employment. With high unemployment and plenty of job seekers, companies have no need to make a career commitment to employees. Conversely, in a full employment economy, the existence of plentiful job opportunities takes the sting out of downsizing at any one company.

Similarly of we believe as a society in profamily workplaces, lifetime learning, pay for performance, and other enlightened principles, these norms must be anchored in national policies. Enlightened corporations may want to pursue a high-road approach, but competitive pressures may make that prohibitively expensive unless all companies are traveling the same road.

The elements of a decent, two-way social contract in the workplace require floors set by either national policies or strong labor unions. It's encouraging that America's most productive companies, in principle, value a high-road approach, but that doesn't guarantee that they will take it. It's also necessary for society to bar the low road.

TRIBUTE TO TANNETIE VERHOEVEN

HON. JAY KIM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 1, 1995

Mr. KIM. Mr. Speaker, I rise before the House floor today to pay tribute to Tannetie Verhoeven who will be celebrating her 100th birthday on August 11. Truly, this is an extraordinary occasion. The city of Chino has greatly benefited from her decades of continued dedication and commitment to community service.

Ms. Verhoeven has witnessed two World Wars, the Great Depression, the founding of the United Nations, man walking on the moon, as well as many other monumental events our