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House of Representatives

The House met at 2 p.m. and was called to order by the Speaker pro tempore [Mr. EVERETT].

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
January 22, 1996.

I hereby designate the Honorable Terry Everett to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O gracious God, from whom comes every good and perfect gift, we offer our thanks for this new day and new opportunities. As we open our hearts to Your grace and heed Your Word, may we be transformed by the renewing of our minds and spirit, so all that which hinders or hurts is put aside and that which redeems and reforms and forgives remains with each of us. With gratitude and praise we offer these words of prayer together with the private petitions of our hearts, asking You to bless us and keep us this day and all the days long. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Texas [Mr. SMITH]

come forward and lead the House in the Pledge of Allegiance.

Mr. SMITH of Texas led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Edwin Thomas, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed a bill and concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 1260. An act to reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes.

S. Con. Res. 39. Concurrent resolution providing for the State of the Union Address by the President of the United States.

PERMISSION TO HAVE UNTIL MIDNIGHT, TO FILE CONFERENCE REPORT ON S. 1124, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1996

Mr. STUMP. Mr. Speaker, I ask unanimous consent that the managers on the part of the House have until midnight tonight, to file a conference report on the Senate bill (S. 1124) National Defense Authorization Act for 1996.

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

There was no objection.

JOINT SESSION OF CONGRESS—STATE OF THE UNION ADDRESS

The SPEAKER pro tempore laid before the House a Senate concurrent resolution (S. Con. Res. 39), which was read by the Clerk, as follows:

S. CON. RES. 39

Resolved by the Senate (the House of Representatives concurring). That the two Houses of Congress assemble in the Hall of the House of Representatives on Tuesday, January 23, 1996, at 9 p.m., for the purpose of receiving such communication as the President of the United States shall be pleased to make to them.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

END CLINTON SNOW JOB

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

Mr. SMITH of Texas. Mr. Speaker, as Washington, DC, recently struggled to dig out from the worst blizzard in years, Americans from across the Nation began to see through the Clinton snow job.

Consider the thoughts of a constituent, friend, and relative, Linda Seeligson from San Antonio. She rightly fears that the President's opposition to entitlement reform and lower taxes will steal our children's future. She sees through the President's Medicare tactics. And she resents the President's use of generational warfare to pit parents against children, employers against employees, and workers against retirees.

Millions of Americans agree. They reject the politics of envy and class warfare. They have real compassion for working families who must work longer to pay for big Government. They're tired of a welfare state paid for by the middle class. And they seek to

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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replace this welfare state with an opportunity society built on personal responsibility.

Bill Clinton ran for office claiming to represent the people who do the work, pay the taxes, and raise the children. Americans like Linda Seeligson want a balanced budget, lower taxes, and less government.

And they want an end to the Clinton blizzard of more spending and higher taxes.

DEFAULT THREAT HINTED AT WAS WAY TO SETTLE BUDGET

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

Mr. BENTSEN. Mr. Speaker, a week ago, the chairman of the Committee on the Budget, Mr. KASICH, said that the Republicans had abandoned the idea of shutting down the Government and defaulting on the national debt. But yesterday, my colleague from Texas, the majority leader, Mr. ARMEY, said that default on the debt was again a threat, right here on the front page of the New York Times and on every paper across this country.

Mr. Speaker, I guess it is a case of dumb and dumber. It was dumb to shut down the Government; it is dumber to default on the debt of the Government. My Republican friends say we are doing this budget that cuts Medicare and Medicaid to do it for our children and our grandchildren. But the Republican plan is to hurt homeowners and to leave our children and grandchildren with a mountain of bad debt.

KEEP THE SEC FUNDED

(Ms. LOFGREN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. LOFGREN. Mr. Speaker, I have studied the materials about the Government shutdown that could happen this Friday. I'm worried about something nobody seems to be talking about—funding for the Securities and Exchange Commission.

I'm not an expert on the SEC; not many Members are. But, I know when the Stock Market crashed in 1929, it didn't do America much good. The SEC is supposed to keep that from happening again.

I have a letter from the SEC that says, "in the event of a disruption in funding . . . we fear the protection of investors and capital formation could be seriously hampered and it would seriously compromise the SEC's ability to oversee the securities markets . . . and could hamper the agency's ability to react quickly in the event of a market disruption."

The SEC would be unable to respond to requests for Commission action to facilitate capital raising, mergers and acquisitions, and tender offers. Initial public offerings couldn't move forward.

I represent Silicon Valley. How will America be improved if the high-tech, cutting-edge companies of Silicon Valley are stopped from raising Capital through IPO's?

We have 4 days to act—to fund the SEC at last year's level. Let's protect America's economy and get that job done tomorrow.

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

U.S. SECURITIES AND
EXCHANGE COMMISSION,

Washington, DC, January 19, 1996.

Hon. HAROLD ROGERS,

Chairman, Appropriations Subcommittee on Commerce, Justice, and State, the Judiciary, and Related Agencies, House of Representatives, Washington, DC.

DEAR CHAIRMAN ROGERS: We are writing to request your help in the upcoming negotiations for a new Continuing Resolution or appropriation action. We strongly urge you to support language that maintains the SEC's 1005 funding level of \$297 million and maintains the fee rate at the current rate of 1/29th of one percent of the offering amount. In the event of a disruption in funding authority for the Securities and Exchange Commission, we fear the protection of investors and capital formation could be seriously hampered. In addition, the amount of money deposited into the U.S. Treasury from SEC filing fees would be reduced.

In our view, operating at this minimal emergency level would seriously compromise the SEC's ability to oversee the securities markets. The impact of a disruption in the SEC's funding authority would include:

No new investigations. Enforcement staff would be unable to open new cases. While emergency actions to freeze assets or otherwise protect assets would be permitted under the contingency plan, the agency's ability to detect developing situations which present imminent threat to investor assets would be impaired.

No work on existing investigations. Enforcement staff would have to cease ongoing investigative activity, except where appearances in court are required or investor funds are at active risk.

No review of corporate filings except in emergency situations. The normal processing of corporate filings by companies seeking to raise capital in the markets would be significantly impaired.

No regular examinations except in emergency situations. There are certain inspections that the SEC conducts regularly and continually; during a funding disruption, regular examinations and inspections of broker-dealers, investment companies, and investment advisers could not be performed. The absence of such reviews, in the worst case, could place the assets and retirement funds of investors at risk. The agency's ability to detect situations that present imminent threat to investor assets would be impaired.

No review of periodic filings. Quarterly and annual reports would not be reviewed. The assurance of adequate financial disclosure for investment decisions could be compromised.

Limited market oversight. A funding disruption would reduce market monitoring staffing to skeletal levels and could hamper the agency's ability to react quickly in the event of a market disruption. Regular inspections of stock exchanges and markets would cease.

No review of stock exchange (NYSE, AMEX, NASD, etc.) pending rule proposals except in emergency situations. The ability of exchanges to respond in a timely fashion

to changing market conditions and to introduce new products will be hampered without SEC approval of their filings.

No transactional assistance except in emergency situations. The staff would not be able to respond to regular requests for exemptions or other necessary Commission action to facilitate capital raising activities, mergers and acquisition transactions, and tender offers.

During the government-wide shutdown which occurred November 14 through November 20, the fee rate for registration statements filed pursuant to Section 6(b) of the Securities Act of 1933 reverted to the statutory rate of 1/50th of one percent from its current rate of 1/29th of one percent. Had the fee rate not been restored to 1/29th of one percent in a subsequent continuing resolution, the U.S. Treasury would have lost approximately \$30 million.

As you know, the SEC is funded through the Commerce-Justice-State (CJS) appropriations bill, which was vetoed by President Clinton on grounds unrelated to the SEC. The SEC portion of the CJS bill, however, is non-controversial. It would provide the SEC with funding at its fiscal 95 level of \$297 million, and provide the SEC with authority to continue to collect securities fees to offset much of its appropriation.

The SEC is a very small agency that is charged with a very large mission: promoting the fairness, efficiency, and preeminence of our nation's securities markets. We are aware of the many challenges you face and difficult decisions you must make in the days ahead. We respectfully request that you seriously consider the SEC's funding.

Sincerely,

STEVEN M.H. WALLMAN,
Commissioner.

[From the San Jose Mercury, Jan. 6, 1996]

WHY SEC CLOSURE HURTS TECH FIRMS

(By Steve Kaufman)

The initial public stock offerings of 60 technology companies—including about 10 technology firms based in Silicon Valley—are in jeopardy because of the pending shutdown of the Securities and Exchange Commission next week.

U.S. Rep. Zoe Lofgren, D-San Jose, said Friday the SEC is among the agencies that have been omitted from a list of those that will get interim funding until the resolution of the federal budget impasse. The SEC, which regulates the U.S. financial markets, must approve IPOs.

IPOs are one of the hottest market segments. Some IPO experts said the freeze in IPOs could have a negative effect on the companies involved, even if it is short-lived. They are fast-growing companies in rapidly changing markets. Such companies may lose brief opportunities to market their products if they don't quickly collect the capital they expect from the public sale of their stock, experts said.

For a company competing in Internet software or in medical devices, for example, "even a delay of a few weeks could mean lost market share and customers," said Kathy Smith, an analyst at Renaissance Capital, a Greenwich, Conn., institutional research firm that specializes in IPOs.

IPO watchers couldn't believe that the SEC plans to close, albeit temporarily. Because the nation's financial markets remain open, they said, its functions are essential. Smith said the closing, however brief, could damage the reputation of the U.S. markets as the most efficient and best regulated in the world.

"An SEC shutdown tells the world that maybe the U.S. financial markets aren't as dependable as it thought they were," Smith said.