

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.

According to Securities Data Co., a Newark, N.J., financial market research firm, 80 IPOs valued at \$2.32 billion have been approved by the SEC and will begin to go public next week.

But Renaissance Capital added that 60 more IPOs—including 41 technology companies—are expected to go public in January and February and are in various stages of the SEC IPO approval process. Smith believes that all but one of these deals will be snagged by an SEC shutdown, which reportedly could occur toward the end of next week. In aggregate, these deals are valued at about \$2 billion.

An SEC shutdown could affect the entire IPO market, not just the latest round of newcomers. But it is unclear whether that impact would be negative or positive.

It could be negative because a hot IPO market already has made investors nervous, IPO watchers say. Any unexpected problem could deflate interest in IPOs and conceivably pummel prices. "The market could lose a lot of momentum—and at a time when a lot more deals are ready to roll out," said David Gleba, chairman of Ventureone Corp., a San Francisco venture capital research firm.

On the other hand, Gleba said, a pause in the IPO market might provide a needed break. The breather could reduce speculative froth and ultimately lengthen the life of this cycle. "In the long term, this could actually turn out to be a positive," Gleba said.

Unlike others, Gleba was also ambivalent about the impact on delayed IPOs.

"Anything that risks getting money to grow your business is bad news," he said. On the other hand, he said, the timing of IPO deals has always been flexible, with no guarantee when deals will occur. Good IPO candidates are able to delay offerings by months, or even a year, an advantage because the stock market environment could change and no longer be favorable for an IPO.

HOUSE SHOULD ENACT A CLEAN DEBT CEILING

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

Mrs. KENNELLY. Mr. Speaker, this House should enact a clean debt ceiling, and we should do it soon. The full faith and credit of the U.S. Government is not a political tool. It is one of the cornerstones of our economic stability. Its preservation is not a matter of politics; it is a matter of governance. It is one of the responsibilities that comes with being in the leadership in this House.

Over the last months, Members of this House insisted that Government shut down to force agreement on a balanced budget. We all saw the difficulties, inconveniences, waste, and other awful things that resulted. But the march of folly continues. Now there is talk of forcing default unless the majority's agenda is adopted.

There is no justification for this. This is an issue we agree on in substance. The long-term extension of the debt ceiling was contained in the reconciliation bill, and it is also the same number asked by the administration, \$5.5 trillion. We should not be at this time teetering on the brink of default.

We should not be playing games with this issue.

Mr. Speaker, I urge my colleagues to support a clean debt ceiling. Let us do it quickly and not to things that should not happen.

TIME FOR NEGOTIATION ON BUDGET

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

Ms. DELAURO. Mr. Speaker, here is what Republican Budget Chairman JOHN KASICH said in November about the budget negotiations: "Frankly, we don't ask for a lot. We ask for nothing more than a commitment to do this in a 7-year period. The priorities within that 7-year plan are negotiable."

The President has done his part. He has given Republicans a 7-year balanced budget using their economic assumptions. But now, Republicans want to move the goalpost in the middle of the game.

Now, Mr. KASICH and his colleagues say they will not negotiate on the budget priorities. Mr. KASICH, keep your word and negotiate. For 220 years, that's how this democracy has worked. Let's make it work again. Government shutdowns, defaults on our debt—these tactics are an affront to democracy. It's time for people of good will from both parties to do what's best for our country. It's time to balance the budget while protecting Medicare, Medicaid, education, and the environment. The President's door is open.

TIDE OF PRO-LIFE BATTLE TURNING

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

Mr. DORNAN. Mr. Speaker, what a pleasure to take the well of the House on this pro-life day. That is the mud of the White House lawn and the Ellipse, Mr. Speaker, you see on my shoes and on the trousers of the suit that I wore the day I nominated George Bush for President.

Following House rules here, because I just found out I cannot hold a little baby in my arms, here is Peg over here. Come here, Peg, just so I can use you as an A-frame.

This is Molly Christine Oona Dornan, number 10 BOB and Sally DORNAN grandchild; mommy Theresa doing well. She is 10 days old. She came a few days later than that Friday I said she was due any minute. That was a false alarm.

I now have five grandsons and five granddaughters and five grown wonderful kids. There is still a bachelor out there. God willing, there will be more to come. This little Molly O. Dornan is 10 days a person. But you know what I said to 75,000 pro-lifers today? We All know she was a person 20 days ago, 10

days before she was born, or 10 seconds or 10 minutes or 5 minutes, right up to the moment of conception.

We are going to win this pro-life battle, and the biggest battle is 288 days from today, putting a pro-life couple in the White House.

I yield back the balance of my time, and take little Molly in my arms again.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair would remind the Member not to use others who are not Members as props on the floor.

BALANCED BUDGET PLAN DOES EXIST

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

Mr. STUPAK. Mr. Speaker, first I would say congratulations to Grandpa DORNAN on his newest grandchild.

Mr. Speaker, as I was back home this last 2 weeks for the district work period, we had a lot of town hall meetings. I spoke with many other groups. For Mr. DORNAN's grandchild and other grandchildren and our children throughout this whole country, folks told me we need a balanced budget, we must have a balanced budget.

I say to my friends on this side of the aisle, there are actually three balanced budgets pending before the House that will meet the Congressional Budget Office requirement to balance the budget within 7 years. But of the three plans, what the voices from home told me is they need to balance the budget while protecting Medicare, education, and the environment. The plan the folks at home clearly supported was the plan that had the least amount of cuts in the Medicare programs. In fact, the folks back home are saying no tax breaks until we balance the budget.

So of those three plans, I hope we will look at those three plans in the next few weeks and actually in those three plans, let us look at the plan that has the least amount of cuts in Medicare, no cuts in education, that will protect our environment and balance the budget in 7 years. It can be done. That plan does exist.

HOURLY MEETING ON TOMORROW

Mr. SMITH of Texas. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 12:30 p.m. tomorrow for morning hour debates.

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

There was no objection.