

Today I presented to the American people House Concurrent Resolution 206, which is a sense of Congress that expresses the threat to the security of the American citizens and the U.S. Government by armed militia. This may not be a popular stance, but it does us no good to hide from the issue.

□ 1700

Mr. Speaker, one of the most energetic promoters of the growing antigovernment movement in 1995 was militia of Montana spokesperson Bob Fletcher. Shortly after a 2-ton bomb destroyed the Murrah Federal Building in Oklahoma, killing 169 people, Fletcher made an announcement to the press: Expect more bombs.

To date, as a freshman, we have not been able to secure from this House an opportunity to have hearings on the militia.

The U.S. Government is comprised of democratic institutions, and any change to the Government should occur by peaceful means. Americans agree with that. They believe in the first amendment, the right to freedom of expression and the right to free association. They do not believe in Oklahoma City, Pan Am 103, or TWA 800, and yes, they do not believe in the confrontation of legitimate law enforcement officers by those who would argue that they have the right to overthrow this Government.

Several members of the Arizona militia have recently been arrested. Our militias have repeatedly denounced the legitimacy of the U.S. Government. Our militia consists of more than 800 groups that are active in more than 40 States.

This resolution says that Congress resolves to prosecute and identify all armed conspirators that are brought together to overthrow the Government of the United States. It resolves that individuals and groups possessing illegal possession of firearms and explosives should be prosecuted to the fullest extent of the law by the Department of Justice, and, yes; it resolves that individuals legally possessing firearms and explosives and conspiring to destroy the U.S. Government should be prosecuted to the fullest extent of the law.

It is important to note that we are not making an issue out of something that should not be made an issue of. The militia in America are convinced that American people are being systematically oppressed by an illegal totalitarian government that is intent of disarming all citizens and creating one world government. They believe that the time for traditional political reform over their freedom will be secured by resistance to the Nation's laws and attacks against its institutions. They are not for peaceful addressing of their grievances.

The Patriot press is filled with wild tales of government conspiracies. Some of the most widespread myths assert that the government is using black hel-

icopters to spy on its citizens, mustering Hong Kong police officers to disarm Americans and implanting electronic monitoring devices in newborn babies.

Strange, you say. I think it is important for this Congress to unveil, to disclose all that is being done on behalf of those who would conspire against the U.S. Government. No, I am not here to cry fire in a crowded theater, simply asking that we not hide away from the truth.

A complex and bizarre theology also helps the Patriots explain their belief and justify their tactics, Patriots as a synonymous name for militia. Many subscribe to the Identity religion which holds that white people are God's chosen and that it is their divine duty to battle the satanic beast of government. Though they have no unified leader, these Patriots are connected like no rebel force has ever been. On the Internet and by fax machine, they share their gripes against government and trade tips on how to avoid tax laws and fight government regulation. Through mail ordered manuals they learn how to build bombs and conduct surveillance and disable public utilities. On the weekend in isolated fields they practice the art of guerrilla warfare. At public meetings their rage is rationalized by the propaganda of the movement.

I would simply say that I ask my colleagues to join me in supporting House Concurrent Resolution 206. Let us unveil for the American people those who would conspire to overthrow this Government and seriously address this issue as Americans believing in peace and believing in democracy.

The SPEAKER pro tempore (Mr. WELDON of Florida). Under a previous order of the House, the gentleman from Florida [Mr. GOSS] is recognized for 5 minutes.

[Mr. GOSS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

AVAILABILITY OF FINANCIAL ASSISTANCE FROM SBA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. LAFALCE] is recognized for 5 minutes.

Mr. LAFALCE. Mr. Speaker, today I am introducing a narrow bill to augment Federal dollars which support financial assistance programs for small business administered by the Small Business Administration. This augmentation would be accomplished by imposing fee increases on participants in these programs, and the fees would be effective only 1 year. During this year, Congress and the Agency would have time to develop other ways to reduce the cost of operating the programs.

Mr. Speaker, I do not generally support the use of fees as a major source of funding for SBA programs. I believe that as a matter of public policy the Government should pay for this assistance.

Moreover, it has been shown that the small businesses which receive this assistance more than pay its costs through growth in their income on which they pay Federal and State taxes. Our investment in these firms via Federal money is more than justified.

Nonetheless, it does not appear that this Congress, despite the President's request, will fully fund the three major financial assistance programs administered by the SBA. I can see no other answer than to impose fees to make up the shortfall. Absent such fees, one of these programs will close down entirely, and the others will operate well below the level of demand.

I am very disappointed that the Small Business Committee, which is responsible for these programs, has not acted. It is only 60 days until the start of the new fiscal year, and Congress will not even be here to act more than one-half of the time remaining.

The committee has become bogged down in an attempt to consider major changes in SBA programs. No legislation is ready for House consideration.

I appreciate the committee's desire to make major changes in some areas. I even support some of the changes being proposed. But in our attempt to develop major legislation, we have delayed enactment of the fee increases which are needed if we are to avoid disruption of financial assistance to the small business community.

I have pared down the necessary legislation to the bare essentials. I urge my colleagues to consider these essential elements in separate legislation which could be presented to the House when we return in September.

Mr. Speaker, we have only a short time remaining in this legislative year. We have the responsibility to act now to continue the SBA's loan and venture capital programs.

Further delay in considering a bare-bones bill is bad government. I urge prompt consideration of a measure to continue at reasonable funding levels the three programs I describe below.

The first program is the 7(a) loan guarantee program, the primary financial assistance program operated by the Small Business Administration. Under this program, SBA guarantees to reimburse a lender for between 75 and 80 percent of any loss sustained by the lender on a loan made to a small business.

The cost of the program is partially paid by the appropriation of Federal money. The balance is from fees paid by both the borrower and the lender.

Legislation enacted last year increased the amount of fees to be paid by the borrower. Except on loans of less than \$80,000, borrowers now pay between 3 percent and 3.875 percent, depending upon the size of the loan. In addition, the lender must pay, and absorb as part of its cost of doing business, an annual fee of 0.5 percent or one-half of one percent.

During the current fiscal year, 1996, the Office of Management and Budget, determined that operation of the 7(a) program, including these fees, would result in a subsidy rate of 1.06 percent. This rate determines the amount which must be appropriated in order to operate the program.

As a result of a major study of the 7(a) program and a change in the method of calculating losses, OMB determined that this rate would increase substantially for fiscal year

1997 to 2.68 percent. And the President proposed full funding at the new higher rate, even though it necessitated the budgeting of an additional \$170 million.

The House-passed appropriation does not provide the necessary funding, although it does provide a slight additional amount of funding above the 1996 level. It is my understanding that the proposed Federal funding, when added to funds expected to be unused this year, will result in a 7(a) program level next year of \$6.5 billion.

On the other hand, demand is expected to be approximately \$8.5 billion, a shortfall of \$2 billion.

I believe that it is our responsibility to address this problem; we cannot simply sit back and argue that the Appropriations Committee did not provide enough money.

I would hope that as the 1997 appropriations bill moves through the Congress additional moneys could be provided—about an additional \$50 million would allow the program to fund an additional \$2 billion in guarantees. But I do not believe that we can rely upon this hope.

This program was underfunded in 1995. The result was chaos. The loan window opened and closed. Finally, OMB dictated the result: stretch the available money by reducing the maximum loan per borrower. SBA then made the necessary reduction and refused any loan in excess of one-half of the statutory maximum of \$750,000.

I believe it would be unconscionable to allow this situation to repeat itself.

I reluctantly supported the fees legislated last year. It seemed to me to be a choice between imposing the fees and denying small businesses access to a Federally guaranteed loan program.

I believe that we are confronted with the same problem this year, although on a much smaller scale. It is my understanding that an increase of $\frac{1}{12}$ of 1 percent in the annual lender fee would generate sufficient income to restore approximately \$2 billion in guarantees.

This minute increase would amount to less than \$100 per year on the average loan, and it would decrease each year as the fee is applied to the outstanding balance of the loan which is being reduced each year.

I urge my colleagues to reconsider this very meager fee increase which was rejected by the Republican majority on the Small Business Committee.

The second program is one for small businesses in need of long-term financing for plant and equipment needs: the development company loan program or 504 program.

Under this program, the small business borrower puts up at least 10 percent, a bank provides 50 percent and receives a first lien position, and a private investor provides the other 40 percent by purchasing a debenture issued by a certified development company which is guaranteed by the SBA.

During the current fiscal year, it has been assumed that program participants were fully paying the cost of the program; the OMB approved subsidy rate was set at zero, and no appropriation of funds was necessary to support the program.

This subsidy rate will increase from zero to 6.85 percent for 1997, again as a result of the change in methodology for calculating losses in this program.

The President's budget addressed this need for Federal funding by requesting a change in

the nature of the program funding—reverting to direct Treasury funding instead of the more costly use of the debenture guarantee process. This change would be accompanied by the imposition of a fee equal to the administrative cost of selling the debentures to private investors, thus resulting in no increase in total cost to borrowers, but reducing the subsidy rate to zero.

The majority members of both the Appropriations Committee and the Small Business Committee rejected this proposed return to direct Treasury funding. And I must admit I have very serious qualms about the proposal as I see it as a temporary solution—the current use of the private markets is the long range solution and ultimately we would seek to return to it.

But when the Appropriations Committee refused to appropriate any money for the 504 program, there appeared to be only one immediate answer: impose fees, at least for 1 year.

There is agreement on most of the fee provisions—a fee of $\frac{1}{8}$ of 1 percent to be paid by the certified development company as part of its cost of doing business; and a fee of one-half of one percent to be paid by the lender who was taking a first lien position on its one-half of the project cost.

The disagreement is over the amount of the fee to be paid by the borrower. Initially, based upon information received from SBA, I believed that an annual fee of $\frac{13}{16}$ of 1 percent, when added to the other fees, would be sufficient to reduce the subsidy rate to zero and allow the program to operate without the appropriation of any Federal funds to pay losses.

Minutes before the Committee mark-up, however, representatives of OMB suddenly decreed that this amount would not be sufficient. Another $\frac{2}{16}$ would be needed to reach zero.

I saw no other solution. The Appropriations' Committee was not appropriating any money. Either we would have to increase the borrower's fee to $\frac{15}{16}$ or there would be no program. The result would not be a reduced program; the total absence of Federal funding would mean no program whatsoever, unless fee income reduced the cost to zero to equate with the complete absence of Federal dollars.

Due to Republican opposition, I withdrew the amendment. The net result: unless we appropriate Federal money, about \$21 million, or we impose further fee increases to yield the same amount, there will be no program next year. That result, to me, is completely unacceptable.

The third program is the SBIC or Small Business Investment Company program. Under this program, the Small Business Administration encourages private venture capital to be made available to small businesses who need equity capital. This encouragement is to provide Federal matching funds to private companies which are licensed by SBA as SBICs.

These matching funds, called leverage, are provided either as debentures, or long term loans, or as participating securities, a hybrid instrument under which SBA will advance amounts needed to pay interest and in return receive re-payment of the advancement plus a share of the company's profits. In either case, the debenture or participating security is issued by the SBIC, guaranteed by SBA, and sold to private investors.

For 1997, the administration requested the authority to issue \$225 million in debentures and \$400 million in participating securities. It proposed to support this request partially with appropriated funds, but primarily by the imposition of new fees as proposed by an industry task force.

The proposed fees include a one-time up front guarantee fee of 3 percent of the amount of the leverage plus an annual fee of 1 percent of the amount of debentures outstanding.

I believe that the Small Business Committee will approve the requested SBIC fees, but it has not done so to date.

Even if it approves the full fee, the House-passed appropriations bill does not provide sufficient funds to meet anticipated demand. It only would fund a program of \$150 million in debentures and \$325 million in participating securities. Both levels are too low and would result in the denial of assistance to otherwise qualified applicants.

Mr. Speaker, in conclusion, I urge my colleagues to thoroughly consider the prompt enactment of the fees proposed in my legislation and to re-consider the amount of appropriated funds which are needed to augment this funding.

GOLDEN EAGLE AND CORPORATE VULTURE AWARDS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, last month, the jobs and fair trade caucus presented its monthly Golden Eagle Award to the employee owners of United Airlines, our Nation's leading airline, and our Corporate Vulture Award to Hershey foods, a company that continues to outsource its Hershey Kiss production to Mexico and downsize its American work force. The two companies, United Airlines and Hershey foods, exemplify the best and worst of corporate practices in America today.

As you will recall, the Golden Eagle Award rewards fine U.S. companies that represent the best that is in us as a nation, companies which treat their workers with dignity while making decent profits, strengthen their communities, charge a reasonable price for products, and remain and prosper in the United States. When all of these practices are undertaken by one company, that company deserves our praise and to be recognized as a Golden Eagle Co.

The Corporate Vulture Award, like the scavenger it represents, is given to a company in need of vast improvement, a company which exploits our marketplace yet downsizes its work force in America. These firms outsource most production to foreign countries, and use sweatshop labor abroad but then import these transhipped products back to the United States while keeping prices high here at home and maintaining all of the benefits of being called an American company. Corporate vultures deserve our disdain.

Today, the jobs and fair trade caucus is proud to present this month's Golden