

get it, does not get that she should step down, the Treasury Secretary should. The President should as well. The Treasury Secretary has a responsibility, under this law, to generally supervise the IG. However, only Presidents can fire inspectors general. In my view, that means that Secretary Rubin is obliged to review the record and to make a recommendation to the President. The President would be obliged to take action and notify Congress of his action and why he took it. It should be done swiftly. As long as this IG remains in office, her troops remain demoralized and the IG's important work will be neutered.

There has been a lot of talk around Washington that recent IG hires have lacked experience and background. That is certainly the case with the Treasury inspector general.

I went back and reviewed the record of her confirmation. Her hearing lasted nearly 5 minutes. She was asked just one question—whether her mother was present in the audience. To follow up, questions were then asked of her mother. That ended the confirmation process.

For the record, I want to make it clear that I am a member of the committee, the Finance Committee, that conducted the confirmation hearing. I did not attend the hearing, but I submitted an extensive list of questions for the record. And I received responses. They are part of the permanent record.

As a result, I feel some obligation that I did not do more to question Inspector General Lau's credentials and experience at the time. I guess that is because you like to give the President's nominee the benefit of the doubt. I guess I learned the hard way that for the position of inspector general, questioning one's experience and qualifications obviously is paramount.

I intend to be more aggressive on that score in the future. The Inspector Generals Act requires that the IG have "demonstrated ability." That is in the law, the words "demonstrated ability." And it is in the law not once, not twice, but seven different areas of the law.

Here is what the IG Act of 1978 says:

There shall be at the head of each office an inspector general who shall be appointed by the President, by and with the advice and consent of the Senate, without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations.

Ms. Lau would attempt to claim a demonstrated ability in accounting and auditing. She is a CPA and has been a Government auditor and evaluator. But in this area of auditing, she had reached only a GS-13 level. She managed only three employees, according to her deposition. And there was a 5-year gap between this experience and when she was finally confirmed by the U.S. Senate.

How does that translate into becoming the head of a 300-employee oper-

ation that conducts huge, complex audits and even criminal investigations?

What is clear is that Ms. Lau began the process of getting placed within this administration through the Democratic National Committee. Were the political connections enough to get the job? I hope that is not the case. We should have higher standards than that for the job of inspector general, which is a very important job.

Reflecting back on the statute, the inspector general was not qualified in the first place. Once in office, she undermines her own integrity and credibility. She no longer has the moral authority needed to lead that office. To me, it is an open and shut case. Verdict: Time for new leadership.

That brings me to my final point. This body would do well in the future to watchdog the watchdogs. And the inspectors general are watchdogs within each department, both before confirmation and during their tenure, I might say. I, for one, intend to increase my own vigilance of the IG community, as well as the experience and background of nominees.

For starters, there is the IG's peers—called the President's Commission on Integrity and Efficiency.

The PCIE, as I will call it for short, was established to conduct peer review and investigate allegations of wrongdoing by the IG. It is comprised of other IG's and is overseen by the Office of Management and Budget. It is also known as a do-nothing organization. IG's have rarely, if ever, been disciplined for wrongdoing by this organization.

Last April, I forwarded the allegations against Inspector General Lau to the PCIE. The issues involving the illegal contracts that she let were sent to the PCIE, by the PCIE to the Public Integrity Section of the Justice Department. The allegations involving her improper opening of a criminal case against two Secret Service agents was sent to the independent counsel.

Because of the long process PCIE has, which takes up to 6 months, Senator COLLINS and her staff decided to act swiftly and dig out all the facts without the usual bureaucratic delay. Meanwhile, by July, the PCIE shut down its entire involvement in this matter of Inspector General Lau.

Now that Senator COLLINS' investigation is over, and the findings are on the table, now is the time for decisive action. Instead, and in very typical fashion, here is what is going on.

Even though only the President can fire the IG, the White House is saying it is up to the Treasury Department to act. The Treasury Department, which must, according to law, generally supervise the IG, says it is up to the PCIE to act. The problem is, the PCIE does not act. Besides, they washed their hands of this matter way back in July. The only possible PCIE involvement at this point would be to drag out any decision. That is because the PCIE process takes 6 bureaucratically long months.

What is going on here, Mr. President? Where is the decisionmaking? Where is the leadership? Where is the sense of outrage from an administration that says it will tolerate nothing but the highest standards? This issue demands action, not finger pointing. The longer it takes, the more we undermine the public's trust and confidence in this administration and in our Government generally.

#### RECIPROCAL TRADE AGREEMENTS ACT OF 1997

Mr. GRASSLEY. Mr. President, on another matter, I want to speak for a minute on the failure of fast-track trade negotiating authority for the President of the United States and the action of the House of Representatives this past weekend.

Last week, the Senate voted by a margin of 68 to 31 to proceed to debate on the fast-track bill. I believe without a doubt it would have passed here and would have been passed by a very huge bipartisan margin. But the leadership in the House decided not to bring the bill to a vote and risk a defeat on such an important issue for our Nation. The leadership of the House decided that on the advice of the President of the United States because he could not deliver even 20 percent of the Democrat vote, the vote of his own party, in the other body.

Unfortunately, the result is the same. The President of the United States still does not have the negotiating authority that every other President since Gerald Ford has had. How ironic that the Democratic-controlled Congresses in the past granted fast-track authority to a Republican President—such as Gerald Ford, Ronald Reagan, and George Bush—and yet Democrats in this Congress refuse to give the President, a President from their own party, the same authority. Who would have thought that the President could not convince one-fifth of his own party to vote with him on such an important issue? This was a big win for leaders of labor unions in Washington. They proved that they have more influence with Democrats in the House of Representatives than the President of the United States does. But it was not a win for the rank and file union members, the workers who manufacture the products or perform the services that would be exported throughout the world.

It was not a win for the farmers of America either who increasingly depend on foreign markets for a big share of their income. It was a big loss for working men and women of this country.

I know some may question my qualifications for drawing these conclusions. You might say, how can a Republican Senator substitute his judgment for that of labor leaders? So I would like to read a few quotes from a Washington Post editorial of November 11.

As you know, Mr. President, the Washington Post has often taken the

side of labor against Republican policies. So I believe they might have some credibility on this issue, as well.

Labor opposed fast track because they believe that liberalized trade leads to American companies relocating to other countries and American workers losing their jobs to imports. They also argued that fast track was flawed because it didn't give the President authority to force other countries to adopt our labor and environmental standards.

The Washington Post, for one, believes that the lack of fast-track authority actually makes it more likely that Americans will lose their jobs. The Washington Post says that the President, not having negotiating authority, makes it more likely that American workers will lose their jobs.

... while fast track's defeat may be good news for a few unions ... it certainly doesn't help the vast majority of American workers. With the President less able to knock down trade barriers overseas, U.S. manufacturing firms will have more, not less, incentive to relocate, to get footholds, inside closed markets.

That bears repeating, Mr. President. Without fast track, companies have more incentive to relocate. That's because high trade barriers may prohibit U.S. companies from exporting to a foreign market. In order to sell in that area the company would actually relocate there.

Why would we want a trade policy in this country that would make an American company go to some other country to make a product to sell in that country, when if you reduce the barriers in that other country through these negotiations, that company could stay in America and export to that country and become competitive?

Just within the last 2 weeks, I had a CEO of a major corporation in Des Moines, IA, our capital city, who said if the President doesn't get this authority and the barrier to Chile reduced through trade or through trade negotiations, then he was going to have to move there to build to do the business in South America that he wants to do.

The United States has one of the most open economies in the world. Our average tariff is just 2.8 percent. Many other countries have virtually closed markets. According to the World Bank, for instance, China's average tariff is 23 percent; Thailand, 26 percent; the Philippines, 19 percent; Peru, 15 percent; Chile, a flat 11 percent tariff.

It can be difficult for American companies to export to a country like China that places a 23-percent tariff on our goods. The tariff prices our goods out of the market. One alternative for these companies is to actually move their plants to China and avoid paying that tariff.

The preferred alternative, Mr. President, and the one that is going to benefit American workers and, hence, benefit the entire economy, because American workers are very productive, is obviously to negotiate with China to

lower tariffs, bring their tariffs down to our level. Then the companies can stay here, employ American workers and export their goods to China.

But we can't negotiate these tariffs down without the President fast-track authority. That is why fast track is so important. It leads to lower tariffs in foreign countries. Most importantly, it leads to the preservation of American jobs.

Fast track also leads to the creation of new jobs. Exports already support 11 million jobs in this country. Each additional \$1 billion of sales of services or manufactured products creates between 15,000 and 20,000 new jobs. These jobs pay 15 percent to 20 percent higher than non-export-related jobs. In Iowa, companies that export provide their employees 32 percent greater benefits than nonexporting companies.

All of this is in jeopardy without our passing a bill giving the President the authority to negotiate. As the Washington Post puts it, "[w]ith exports growing more slowly, or not at all, fewer new jobs will be created." So the failure of fast track hurts the workers of this country.

Mr. President, the editorial has one final comment on labor's concerns with worker standards in other countries. "Less trade certainly won't improve the standards of overseas workers, for whose welfare many Democrats claimed concern. And with the United States Government hamstringing Japan, the European Union and developing countries will have a greater influence in shaping world trade policies. How hard do you think they'll push for improved labor and environmental standards?"

Mr. President, I don't often say that the Washington Post is right. Economic stability and prosperity are the only proven means of increasing labor and environmental standards. The United States, due to our affluence, has the luxury of imposing high labor and environmental standards. Other countries don't yet have this ability. But increased trade will bring this economic stability, and it will lead to higher labor and environmental standards in other countries as well.

Cutting off trade, or failing to pass this legislation, reduces our influence in these other countries and it increases the influence of countries such as Japan and the European Union. Can we trust Japan and the European Union to advance America's interests in world trading negotiations? The Washington Post correctly assumed that we cannot. Only the President of the United States, and the Congress working in conjunction with him, because that is what this legislation can do, can advance our interests and protect our interests. Only we can influence other countries to improve their environment and labor standards, to improve human rights, and to embrace democracy through the process of international trade that brings people together rather than keeping people apart.

That is what I am most concerned about. The failure of fast track leaves a vacuum of leadership in international issues. Up until now, this vacuum had been filled by the United States. Ever since World War II, to some extent going back to the Reciprocity Act of the 1930's, since 1934, the United States has led the world in reducing barriers to trade, and we have benefited greatly from this leadership.

American workers are the most productive, highest paid workers in the world. American companies produce the highest quality products. And American consumers have more choices of goods and pay less of their income on necessities such as food than consumers in any other country. These are the benefits that we have enjoyed because we have been willing to lead on trade.

I'm afraid that our leadership may now be questioned by our trading partners after last weekend's events. These countries are going to move on without us. They are going to continue to form regional and bilateral trading arrangements that won't include the United States. The United States won't be at the table to protect our interests. And the losers in all of this will be the American workers, the loss of jobs, and the consumers won't have the benefit that they now have.

Mr. President, I hope we can return next year and we can have a rational debate about what trade means to this country—because somehow that has been lost in the process—and how important it is for the President of the United States to have fast track authority, to be the living representation of America's moral leadership, to lead in free and fair trade, which we have done for 40 or 50 years.

We have already lost 3 full years without this legislation and the opportunity to lead; 20 agreements we have missed out on. We cannot afford to wait any longer.

I ask that the Washington Post editorial be printed in the RECORD.

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

[From the Washington Post, Nov. 11, 1997]

#### THE FAST-TRACK LOSS

Trade liberalization benefits most people, but it also invariably hurts a few. Those who are helped—as goods become cheaper, as standards of living rise, as exports grow—often don't attribute their good fortune to rising trade, which is after all only one component of a complex economy. Those who have lost their jobs or believe they have lost their jobs to overseas competition, on the other hand, don't hesitate to affix blame. In the political process, the losers and potential losers naturally lobby vociferously; the winners, a larger but more diffuse group, don't. To rise above the special interests of the losers (while taking into consideration their legitimate needs) and vote in the overall interest of society is what we should expect of our politicians—it has something to do with statesmanship. And until now, every Congress since President Ford's time has managed to do just that. But this Congress, in failing early Monday morning to approve

trade-negotiating authority for President Clinton, did the opposite—it caved in to the special pleaders. Washington insiders will measure the defeat in its impact on Mr. Clinton—whether it spells the beginning of his lame-duckhood, and all the rest. But the more serious damage is to U.S. economic leadership—America's ability to help shape the global rule book—and, potentially, to global economic prosperity.

The post mortems will find no shortage of culprits. Mr. Clinton overpromised on NAFTA and underdelivered on the promises he made to Congress to win NAI approval. He waited too long to push for renewed negotiating authority—known as “fast track,” because it allows him to negotiate treaties that Congress can reject but not amend—and then don't even have legislation ready when he finally, this fall, began the campaign for what he called his most important legislative priority. More broadly, his inconstancy over the years left many members of Congress unwilling to put faith in his promises and assurances. Businesses, which generally support free trade, jumped into the fight too late and too half-heartedly. And 25 Republicans congressmen who could have provided the margin of victory but who withheld their backing in a failed effort to extort support from Mr. Clinton for an unrelated (and unjustified) proposal to gut America's family-planning assistance overseas, also bear responsibility.

But of course the lion's share of blame—or credit, as they would have it—goes to Mr. Clinton's fellow Democrats and their backers in organized labor. In the end, fewer than 45 of 205 House Democrats were ready to stand by their president. In part, this reflects the growing importance of union contributions to political campaigns. Since the Democrats lost control of the House, businesses have shifted their giving heavily to Republicans; total Democratic receipts from political action committees have gone down, and the union share has gone up—to 46 percent in 1996.

Of course, most Democrats said they were voting on the merits, not the dollars. But while fast track's defeat may be good news for a few unions, such as in the textile trades—though even that is arguable—it certainly doesn't help the majority of American workers. With the president less able to knock down trade barriers overseas, U.S. manufacturing firms will have more, no less, incentive to relocate, to get footholds inside closed markets. With exports growing more slowly, or not at all, fewer new jobs will be created. Less trade certainly won't help improve the standards of overseas workers, for whose welfare many Democrats claimed concern. And with U.S. government hamstrung Japan, the European Union and developing countries will have a greater influence in shaping world trade policies. How hard do you think they'll push for improved labor and environments standards?

Mr. Clinton yesterday withdrew his proposal before it could go down to defeat, and he said he intends to try again in this Congress. The signs are not auspicious, but you never know. Maybe next time the greater good will prevail.

Mr. GRASSLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COATS). The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

# CONFERENCE REPORT ON COMMERCE, STATE, JUSTICE APPROPRIATIONS

Mr. LAUTENBERG. Mr. President, I want to discuss the report pending that should come over from the House of Representatives in the next while on the appropriations bill that relates to the Commerce, State, Justice Departments. And part of what is in this report that we expect to see relates to the importation of surplus military weapons that were manufactured in the United States and, many years ago, were sent abroad as part of our military assistance program.

Now, although there was initially no bill or report language on the issue in either the House or the Senate bills before conference, the issue has nevertheless consumed an enormous amount of time over the past few weeks, and it has generated some significant controversy. I have had a deep interest in this subject because I believe that when we load this society of ours up with more guns, we ought to know why we are doing it.

It has been the policy of three administrations—Reagan, Bush, and now the current Clinton administration—to ban foreign governments from exporting to our shores and selling these American-made military weapons that we gave or sold them at sharp discounts to help us fight common enemies, and sell these weapons to the U.S. commercial markets.

Nonetheless, the National Rifle Association and the gun importers supported an attempt—in the dark of night, I point out—to slip a provision into the conference agreement on this bill to overturn this longstanding policy and allow military weapons made for military use to flood America's streets.

The administration strongly opposed this attempt. In fact, the President's senior advisers, at one point, said they would recommend that the President veto the bill—this important bill—to finance our Justice Department, our State Department, and our Commerce Department—if it included an amendment to allow foreign governments to export large quantities of military weapons for commercial sale in America's cities and towns. They don't restrict whose hands these fall into.

I ask unanimous consent that a copy of the letter from the OMB director, Franklin Raines, on this issue be printed in the RECORD.

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

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,

Washington, DC, November 6, 1997.

Hon. FRANK LAUTENBERG,  
Committee on Appropriations, U.S. Senate,  
Washington, DC.

DEAR SENATOR LAUTENBERG: The Administration strongly objects to the inclusion of any provision in the FY 1998 Commerce, Justice and State Appropriations Conference Report to allow for the importation of surplus military weapons. We have repeatedly opposed such provisions, and the President's senior advisers would recommend that he veto the bill if it includes language that would allow large quantities of surplus military weapons to be imported.

The Administration finds it unacceptable that—in the same appropriations bill that funds the nation's law enforcement priorities, such as putting more police on our streets—the Committee is considering language that could flood our streets with millions of military surplus weapons. These weapons, including M-1 Garands and M-1911 .45 caliber pistols, were designed for military purposes and provided to foreign governments as a form of military aid. Moreover, hundreds of these guns have already been recovered by law enforcement officers throughout the United States. Opening the door to more of these weapons would only serve to further undermine public safety.

We strongly urge the Committee to reject this provision.

Sincerely,

FRANKLIN D. RAINES,  
Director.

Mr. LAUTENBERG. The Washington Post and the New York Times also editorialized against this dark-of-night assault just this past week.

I ask unanimous consent that the text of these and previous editorials be printed in the RECORD.

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

[From the Washington Post, Nov. 12, 1997]

HILL ALERT: A BAD OLD GUN BILL

We're down to the dangerous mad-dash time in Congress when truly bad ideas can sneak into law—and today the gun lobbyists are poised with a flood-the-market firearms scheme disguised as an innocent “curios and relics” proposal. Once again, certain members of Congress who are semiautomatic hawkers of the National Rifle Association's line, linked with lobbyists for gun importers, are seeking to slip language into an appropriations bill that would allow an arsenal of some 2.5 million weapons from abroad to go on the U.S. market.

This stockpile has made the rounds globally: The weapons were originally paid for by U.S. taxpayers. Then as U.S. Army surplus the firearms were given or sold to foreign governments years ago. But they are more than quaint relics for the walls of collectors; many of these firearms can be converted easily into illegal automatic weapons for domestic crimes such as holdups, assaults and murder. The weapons could pile into the U.S. market from supplies in the Philippines, Morocco, India, Turkey, Vietnam, Iran, and other countries. Estimated value of these deadly weapons on legal or illegal markets? Approximately \$1 billion.

It has been for the safety of the public that the Reagan, Bush and Clinton administrations all enforced a policy of keeping such overseas stockpiles out of the country and thus off the streets. Letting them in would