

are going to say to colleagues, "Please don't separate the legislative lives you live from the words you speak." And, if you say you are for the children, and you say early childhood development is so important, and you say you are for a quality of opportunity for every child, regardless of color of skin, regardless of rich, or poor, regardless of urban, or rural, then clearly we are going to have to do better. If you say that we should not have these rotting schools in our country—and what all of the local school districts say to us in their plea to us is important and please invest some money in infrastructure, then you have to invest. That has to be in the budget. And, if you say that you understand that these early years are so important, you know it as a father or as a mother, you know it as a grandfather, or a grandmother—we have always known intuitively how important these early years are—and they are important for all children. And children don't do well in school, if they don't have an adequate diet. And children don't do well in school, if they are in pain or discomfort because they haven't been able to receive medical care. And children don't do well in school, if they have not had really good child care that nurtures their development, whether they are at home, or one or both parents are working. And, if you say all of that—and almost all of you do—it is time to invest. Time is not neutral for these children. We keep talking about the children.

So, Mr. President, I am going to introduce a number of amendments to take the bar up here. I might lose, or I might win. But I am going to really fight hard. I would just say to the President "Mr. President,"—I am talking now to the President at the White House, President Clinton—"we can do better."

I don't see the standard of fairness. I don't see an agreement with major tax cuts, and so much revenue lost over the next 10 years and 20 years to the tune of hundreds of billions of dollars benefiting many people who do not even need the assistance, and at the same time a budget agreement that represents a retreat and abandon of too many children in America.

We have had enough conferences. Enough books have been written. Enough pleas have been made. There has been enough blitz. It is time now that we match our words with the deeds. And the deed is to make this investment.

Mr. President, this will be my major priority over the next month to come in the U.S. Senate.

I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THOMAS. 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. THOMAS. Mr. President, I ask unanimous consent that I have permission to speak for approximately 5 minutes.

The PRESIDING OFFICER. The Senator is recognized for that purpose.

Mr. THOMAS. Thank you, Mr. President.

#### FREEDOM FROM GOVERNMENT COMPETITION ACT

Mr. THOMAS. Mr. President, I come to the floor this morning to talk about one of my top priorities for the 105th Congress. That is the Freedom From Government Competition Act.

I am struck by the fact that we are considering now the supplemental appropriations bill and debate on it will last, I am sure, all week. Then next week we will consider the budget which will take at least another week of debate. During these deliberations, we will talk about funding the essentials of Government which, of course, is one of Congress' most important tasks. But, unfortunately, it seems to me that we spend an awful lot of time on the budget and on appropriations and funding the Government in the form it is currently in, and less time than we should talking about the changes that we ought to make in the Government.

So, while I am on the floor today, I want to mention a couple of bills I have sponsored to change the role of the Federal Government. One is the biennial budget. I think we really ought to consider going to a biennial budget in this Congress as we do in many States so that we can deal with the budget once every 2 years. Agencies would do a better job with 2 years of funding because they would have some stability in their funding levels. Certainly we can look at least 2 years ahead in terms of budget, so that Congress has a whole year to talk about some of the reforms that ought to take place; that ought to change in Government.

I am persuaded that without some overt changes, without fundamental changes brought about by the Congress, that Government just continues to go on, just continues to grow, just continues to expand. It is the nature of government.

Quite frankly, according to one of the studies by GAO regarding one agency that I just read this weekend, there is no real accountability in terms of spending. So that accountability in terms of what you do with the money and the results that you have in the Government agencies are largely the responsibilities of the Congress.

Congress does not have time to do that. We spend too much of our time with the budget, too much of our time with appropriations. One of the other things that we ought to do, in my opinion, is to ensure that the Government is not competing with the private sector in areas that are basically commer-

cial in nature that could better be done and could more cheaply be done through outsourcing.

My legislation, the Freedom From Government Competition Act, has the potential to open up a \$30 billion market for our Nation's businesses, mostly small businesses, to have an opportunity, by contract, to fulfill the commercial needs of the Federal Government. It would level the playing field for thousands of our Nation's businesses that span the economic spectrum of this whole country, from mundane things to very high tech things, from janitorial services, hospitality and recreation services, to engineering services, laboratories and testing services—those functions that are commercial in nature that are now done by the Government that could better and likely more inexpensively be done in the private sector.

The bill is quite simple, as a matter of fact. It simply says that OMB would take a look at all the activities and functions of Government, would identify those that are commercial in nature, and then create a fair and competitive process to outsource those activities to the private sector. Of course, not only does the bill answer the call of the American people to limit the size of Government and encourage the private sector—but it has a great deal of value in terms of the Federal budget. The taxpayers could save many billions of dollars. The interesting part of this concept is that it has been around for a very long time. For over 40 years we have been dealing with this issue. It has been the Federal Government's policy to contract out for over 40 years. Unfortunately, it has not worked. The evidence is that it has not worked. In fact, I recently ran across an excerpt of a 1954 Congressional Quarterly Almanac that details how the current policy came into existence.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

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

[From the Congressional Quarterly Almanac, 1954]

#### BUSINESS COMPETITION FROM GOVERNMENT

HR 9835—Reported by House Government Operations Committee (H. Rept. 241) July 21, 1954.

Passed by the House, amended, July 24 by voice vote.

Reported by Senate Government Operations Committee, with amendment, Aug. 10 (S. Rept. 2382).

Legislation (HR 9835) aimed at putting an end to government operations which were in competition with private enterprise cleared the House, and it was subsequently reported by the Senate Government Operations Committee. No further action was taken on the measure during the 1954 session.

#### BACKGROUND

The Intergovernmental Relations Subcommittee of the House Government Operations Committee held hearings in June, 1953, on federal activities in commercial and industrial fields. The hearings, which concentrated on areas where the government

might be in competition with private business began June 9 and were concluded June 16.

A list compiled by the Subcommittee noted 86 commercial and industrial activities in the federal government. Among them were: 31 manufacturing items (including coffee roasting, dentures, sleeping bags, aluminum and atomic energy); seven fields of transportation; 26 service activities (including commissaries, power plants, insurance and fish hatcheries); six construction; seven maintenance; and nine miscellaneous activities (research and development to fur sealing);

#### *Testimony*

June 9. First witness was Rep. Clarence J. Brown (R. Ohio) who said military commissaries presented a "real threat to free enterprise" because of their competition with private business. Rowland Jones, Jr., representing the American Retail Foundation, said post exchanges were like big department stores except their prices were 25 per cent lower.

In a discussion of whether the Boston Navy Yard's ropewalk, where Navy rope was made, should be retained, the Cordage Institute, a trade organization, said the mill was unduly competitive with private industry, costly to taxpayers, and private enterprise was capable of filling government needs at reasonable prices.

Rep. Thomas P. O'Neill, Jr., (D. Mass.) said he believed the ropewalk operation should continue. David Himmelfarb, representing employees at the ropewalk, supported retention of the operation.

June 10. Craig R. Sheaffer, Assistant Secretary of Commerce, said his Department would work with the Subcommittee to minimize instances of unfair government competition.

June 11. Witnesses who testified on instances where they said the government was offering unfair competition to private businesses were Robert H. North, International Association of Ice Cream Manufacturers; Hap Holliday, California Retail Grocers; and C.E. Herington, Metal Treating Institute.

#### *Liquor sold on Army posts*

June 16. The group was told by Benjamin Josephs, representing the National Retail Liquor Package Stores, Inc., that illegal liquor sales on military posts were cutting in on private businesses, causing big tax losses, misusing government personnel and disrupting distribution of alcoholic beverages.

Clem D. Johnston, a vice president of the Chamber of Commerce of the U.S., called for a complete review and curtailment of the "Defense Department's vast empire of commercial and industrial enterprise." He said that Department was competing with private enterprise "in nearly every segment of our economy."

Thomas B. Crowley of San Francisco, representing West Coast tugboat and marine salvage operators, urged that the Navy be removed from the salvage business. He said private business could do it more efficiently and cheaply.

#### *Wilson takes action*

Secretary of Defense Charles E. Wilson Dec. 15, 1953 ordered the military services to discontinue iron and steel processing and other business activities which could be performed satisfactorily by private firms.

Rep. Cecil M. Harden (R. Ind.), chairman of the Intergovernmental Relations Subcommittee, said Dec. 23 the National Coffee Association had recommended that the government close its coffee roasting plants and utilize the services of commercial roasters exclusively. Mrs. Harden said that this step would "save millions of dollars to the government annually."

#### *Defense Department policy*

Quoting the directive from Secretary of Defense Wilson which stated that it was the policy of the Department of Defense "not to engage in the operation of industrial or commercial type facilities unless it can be demonstrated that it is necessary for the government itself to perform the required work." Mrs. Harden announced that the first step in putting the directive into effect might be the closing of most of the 61 military plants processing scrap iron.

#### HOUSE

##### *Committee, Government Operations.*

Reports. On Feb. 9, 1954, it filed a report (H. Rept. 1197) in which its Subcommittee on Intergovernmental Relations recommended "vigorous" action to curb governmental operations in commerce and industry.

Eleven Democratic members of the Committee refused to sign the report, objecting in "additional views" to "generalization" and "hazy conclusions" which could make the report "a political document."

The Committee June 16 approved three intermediate reports from the Subcommittee on Intergovernmental Relations regarding its study of the federal government in business competition with private enterprise. The reports dealt with government-owned sawmills, plants for processing ferrous scrap, and the like.

#### *Government steel plant*

In the report on iron and steel the Subcommittee said the armed services and Atomic Energy Commission should reevaluate the need for retaining government-owned plants for processing iron and steel scrap, and that no major equipment should be purchased or installed until this was done.

#### LEGISLATION

Hearings. July 14-19 on three related bills, H.R. 8832, H.R. 9834, and H.R. 9835, dealing with the matter of government business competition with private enterprise.

Testimony. July 14. Witnesses included Reps. Harden, Frank C. Osmer, Jr. (R. N.J.), and Thomas B. Curtis (R. Mo.).

July 15. Witnesses were representatives and officials of taxpayers' associations, small-business groups, retail federations and industry organizations.

July 19. Spokesmen for the Departments of Defense and Commerce and the Budget Bureau testified that federal agencies were placing government contracts and production into competitive free enterprise where possible, particularly activities previously performed by the federal government.

#### *Bill reported*

The Committee July 21 reported a bill (H.R. 9835—H. Rept. 2441) designed to get the government out of commercial activities that were in competition with private enterprise.

As reported, the bill carried the following provisions:

Declare it the policy of Congress that the Federal government should not engage "in business-type operations competitive with private enterprise" except when there was a proven necessity for it.

Request the President to make a survey, through the Commerce Department, of government commercial activities with a view to ending those not essential. The President, however, would not be permitted to terminate any activities expressly authorized by Congress.

Provide that the President make an annual report to Congress on these operations.

#### FLOOR ACTION

The House passed HR 9835 by voice vote July 24 without floor amendments. Rep. William L. Springer (R Ill.) said the nation was

"becoming more aware of the inefficiency and high costs—all things considered—of government operation of business-type facilities and services."

#### SENATE

Committee. Subcommittee on Legislative Program, Government Operations.

Hearing. Aug. 9 on HR 9835.

Testimony. Otis H. Ellis, general counsel of National Oil Jobbers Council, objected to Armed Services post exchanges running gasoline service stations. He said the bill lacked "teeth" but "is at least a start in the right direction."

Other testimony favoring the legislation was received from American Retail Federation, National Associated Businessmen, Inc., and the Investors League of America.

Opposition statements came from three AFL groups: International Association of Machinists, the Metal Trades Council and the American Federation of Government Employees.

#### *Bill reported*

The Committee Aug. 10 reported HR 9835 (S. Rept. 2382) with an amendment in the nature of a substitute.

Senate Committee recommendations were to:

State clearly the legislative policy that the federal government "desires to encourage private competitive enterprise to the maximum extent compatible with national security" and that the government shall not engage in business-type operations in competition with private enterprise except where necessary.

Authorize the President to end any commercial competitive federal activity not specifically provided for by law, provided the termination would not impair an essential federal operation, adversely affect the national security, or result in or contribute to monopolization of trade or commerce.

Provide for Commerce Department examination of complaints of federal competition with private enterprise, and action toward eliminating such activities.

Provide for a Presidential survey of federal commercial operations, and submission of an annual report to Congress on the subject.

#### GROUP STANDS

National Associated Businessmen, Inc., a group seeking to "get government out of business," waged a nationwide campaign for passage of HR 8832, a bill introduced by Rep. Frank C. Osmer, Jr. (R. N.J.) to achieve this objective.

The Chamber of Commerce of the United States announced July 30 it had sent a letter to Sen. Joseph R. McCarthy (R Wis.), chairman of the Senate Government Operations Committee, urging passage of legislation being considered by his group which, the Chamber said, would curb government competition with private business. The letter declared that S. 3794 or a similar House bill (HR 9835) would "help identify government products and services which business and industry can provide fully as well."

Mr. THOMAS. In 1954, the House of Representatives passed a bill numbered H.R. 9835, legislation to require the executive branch to increase its reliance on the private sector—1954. Among the concerns addressed by the bill were manufacturing, construction and service activities of the Federal Government. Final action on the bill was dropped only upon assurance from the Executive Branch that it would implement the policy administratively. Bureau of the Budget Bulletin 55-4 was issued in 1955, prohibiting agencies from

carrying on any commercial activities which could be provided by the private sector. Unfortunately, today we face exactly the same problems Congress faced in 1954. The Federal Government continues not only to compete with the private sector by providing its own goods and services but it also competes with the private sector to provide those goods and services for some other unit of Government or to other private sector entities. Of course, that unfair competition kills private-sector jobs, stifles the economy, erodes the tax base, and hurts small business.

One of the top issues the last several times the small business community has held their White House conference—in 1980, 1986, and 1994—was provision for an opportunity to fairly compete. To do that, of course, you have to have a process which takes into account all of the costs for the Federal Government and the private sector and consider other issues like past performance in order to have a fair comparison. It also means over time an agency, if it were going to do a lot of contracting, would change its structure. Instead of being designed to perform these functions and contract out, you would pare the agency down to where its real expertise would be in oversight and supervision of functions that were to be done.

The bill that we have introduced, which I would like to encourage my fellow Senators to consider, codifies the policy that the Government should rely on the private sector for its commercial needs. There are exceptions, of course—inherently governmental functions and exemptions for national security concerns. In addition, the Federal Government, if it can provide a better value to the taxpayer, should do it. But if the private sector can provide a better value to American taxpayers, it should have a chance to do it.

It also provides for OMB to examine these issues and establishes an office of commercial activities within OMB to implement the bill.

Mr. President, I hope that we do consider some of these kinds of changes. The climate is right for action. Congressman DUNCAN, with whom the Senator from Kansas and I both served in the House, has introduced a companion bill. The Senate is already on record in support of this bill. Last year, the Senate voted 59 to 39 in favor of an amendment to the Treasury, Postal appropriations bill that would have prevented unfair Government competition. Unfortunately, it was dropped from the omnibus appropriations bill. It should be a high priority. We ought to be doing some of these things that create fundamental change in the Federal Government. We are going to seek to balance the budget. We will see in the future the benefit of setting those kinds of priorities. If we could save \$30 billion annually through this concept, that is a sizable amount of savings which could be transferred to something else or help balance the budget.

In summary, let me say again I think it is a shame we simply go on year after year talking about the same agenda over time, the same kind of Government operation, without taking a look at some of the ways it could be changed. The private sector operates differently, it has to evolve over time. If it does not change, it bows out; it goes out of business.

So there is a compelling reason to make the changes. The Government by its nature—and there is nothing wrong with the people; it is the nature of the beast—does not change unless there are changes forced upon it, and, frankly, programs are developed and they have an advocacy in the country and they just do not change. I think that is our responsibility. It is our responsibility to evaluate the effectiveness, to evaluate not only what is done or how many dollars are spent but results. We are in the process now of implementing a result-oriented law that was passed a couple of years ago, and by this spring each agency is to have a fundamental, systemic plan that measures results. My bill is consistent with that effort.

Mr. President, I urge my fellow Members of the Senate to consider some fundamental changes in the Federal Government which would allow for many of our small businesses to meet its commercial needs and provide a better value to American taxpayers than they are currently getting.

Mr. President, I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. THOMAS). Without objection, it is so ordered.

#### THE CUSTOMS ENFORCEMENT AND MARKET ACCESS ACT

Mr. BYRD. Mr. President, I am pleased to be an original cosponsor of S. 646, the Customs Enforcement and Market Access Act, introduced by the senior Senator from Kentucky, Mr. FORD. This measure would provide the American textile and apparel industry with clear oversight and enforcement of U.S. trade law, and the means to mobilize the industry's capability to compete in the increasingly competitive global market.

For years, the U.S. textile and apparel sectors have been struggling to overcome the burdens of trade agreements that appear to mercilessly alter the textile and apparel quotas and tariffs systems, without offering the synergies necessary to compete under the new rules. Unfortunately, these burdens are magnified by unfair competition caused by overseas producers who seek to exceed and bypass these same negotiated agreements.

In West Virginia, 2,900 textile and apparel jobs continue to survive, al-

though the State has lost 3,000 of such jobs since 1990. Textile and apparel jobs are predominantly located in the State's more rural counties and are critical to the local economies. Additionally, these workers may not have the assets to relocate or the skills to easily transfer to another manufacturing sector.

I believe that even the strongest supporters of laissez-faire economic ideologies must recognize the wisdom of negotiating trade agreements that avoid vast costs to, and unfair burdens on, particular segments of our economy. I am not advocating some outmoded retreat to protectionism. The United States must advocate open market and, at the same time, promote an equitable and fair trade system in which the American people have faith, in which American industries have a chance to compete, and which will curtail the shipping of American jobs overseas.

In this regard, I believe that the Customs Enforcement and Market Access Act will provide the necessary impetus to remove the current obtrusive trade barriers from the textile and apparel industry, and invigorate the industry's ability to effectively compete in the global market. The bill's market-access provisions provide requirements for vigorous enforcement of trade agreements and for aggressive action against unfair trade practices by establishing a Special 301 authority. I have long been an ardent supporter of Section 301 and Super 301, and I believe that it is essential that the United States Trade Representative have the tools to quickly make unfair trade practice determinations and then diligently monitor and enforce corrective measures.

This measure also allows reasonable federal investment to help the textile and apparel industry modernize and more effectively compete against overseas competitors. I am aware that there are many who doubt that the U.S. textile and apparel industries can re-establish themselves to be competitive global forces and, thus, will oppose this modest investment. I, however, do not doubt the abilities and spirit of these workers, just as I never doubted the ability of this nation's steel workers, who, against enormous odds, have today reclaimed their position as world class producers, following many years of struggle and uncertainty. I ask my colleagues to carefully weigh such a small investment and its possible returns against the billions we expend annually on various corporate welfare schemes for multimillion dollar industries.

Crafting trade policies that balance domestic and international economic objectives is not easy. I hope that my colleagues will join me in supporting the Customs Enforcement and Market Access Act, which I believe accurately assesses the challenges of the global market and adequately provides the