

so therefore this is a subsidy to corporations.

There is no reason why we should support this type of welfare. There are several kinds of welfare. We have welfare for the poor, we have welfare for the foreigners and we have welfare for the corporations. I do not think the correct place to try to solve our problem on welfare is to go after the poor man's welfare, but we can go after foreign welfare and we can go after corporate welfare, and this is an example of corporate and foreign welfare.

It is said that with these programs there is never any loss to the taxpayers. That is a bit of a fallacy, because the loss to the taxpayers is when we take the money from the taxpayer, so they are losing all the time. Most little people never get benefits from this. It is the large corporations that lobby us so heavily to endorse these programs. There are not that many loans that default.

But there is another reason why we do not have that many loan defaults, because they quickly renew these loans at different terms. There is a lot of generous renewing of loans and therefore the default level is very, very low, if we see it at all. But the risk is there. The real risk to the American taxpayer is when we tax the Americans to go and encourage programs like this. The assumption is made that if we do not do it, it will not happen. Maybe not, maybe it will. If it does not happen, maybe it is too risky. But most of it still would happen; it would be insured in the private sector and many of these programs would occur.

To get up and say A, B, and C company would not have existed and could not have done this is not correct because we do not know. The other thing we do not know is who suffered from this credit allocation. When the Government gets involved in credit allocation, in saying this credit is guaranteed and should go in this direction, every time there is \$10 billion going in that direction, it comes out of the private sector and some little guy lost his credit. So obviously the banks are going to loan to the people that have a guarantee.

Another area that we should address here is the subject of who gets these loans. For instance, one of the biggest beneficiaries is China. Red China gets over \$4 billion. That in itself is enough reason to vote for this amendment and reject corporate welfare on principle.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment.

Once again, Mr. Chairman, this amendment is intended to destroy the Eximbank which might sound good and might look good on the back of a bumper sticker, but it would be a tremendous mistake for literally tens of thousands of working American people who are working today as a result of the fact that we are doing business in some overseas countries. If indeed my colleagues believe that we are not in a global economy, then my colleagues

ought to do exactly what the gentleman from Texas said: build a wall around the United States of America. Let us not let anybody in and let us not let anybody out, let us not ship any of our equipment overseas.

Let us talk about General Electric. What kind of generators do Members think they use if GE builds a plant in a foreign country? They use a GE generator built by American workers, built by American workers who take that money home and support their families and support my colleagues through their taxes that they pay.

So if my colleagues want to close down America, if they do not want to do business overseas, if they really in their heart believe that a global economy is not the future of this country, then my colleagues ought to abolish the Eximbank and they ought to abolish OPIC as well.

But unfortunately, if the gentleman will read the newspapers, watch television, look at world affairs, attend some of the committee hearings that we have, when we hear the testimony of the Eximbank and these various agencies, he will learn that we are exporting our jobs overseas by letting them work in Texas, by letting them work in Alabama, in California. They are taking that money to their homes and we are shipping our generators and our products to them overseas simply because we have provided for our businesspeople the same thing that the French, the British, the Germans, the Japanese have provided to theirs. Not as much, I grant the gentleman. They still give them much more. They subsidize theirs. We do not subsidize these.

So, yes, if the gentleman wants to shut the world down as far as the United States is concerned and abolish all these; but it would be very, very unwise to do that. I would encourage my colleagues to recognize that and to vote against the gentleman's amendment.

Mr. PAUL. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Texas.

Mr. PAUL. Japan subsidizes 32 percent of their exports and we only subsidize a small amount, only 2 percent. So I guess I would be complaining a lot more if I lived in Japan because they do so much more; but if we look at the economic growth of Japan, now it is less than 1 percent and we are doing better. We have economic growth of 4 percent.

Mr. CALLAHAN. If I may reclaim my time, that is because they are doing too much. We are not doing too much. We are trying to facilitate our businesspeople in this country the opportunity to make them competitive doing business in foreign countries. If that is wrong, then I am wrong. But I am not wrong. The gentleman is wrong in trying to abolish this agency.

Ms. PELOSI. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment of our distinguished colleague from Texas.

Mr. Chairman, this is a most unfortunate amendment, because it strikes right to the heart of eliminating title I of our bill, which is an important part of our foreign operations legislation. Eximbank, Overseas Private Investment Corporation, Trade and Development Agency programs help create more and better-paying U.S. jobs through exports. Each of these agencies has a distinct role in the administration's effort to increase U.S. exports. Increasing U.S. exports is a major pillar of our foreign policy and these agencies help do that. Every one of our major industrial competitors have publicly supported counterparts to Exim, OPIC and TDA. Virtually all of our competitors fund their trade and investment finance agencies at a higher level than we do. Failure to fully fund Exim, OPIC and TDA would severely handicap our exporters as they battle for market share in the key fast-growing markets. Exports create more and higher-paying jobs, support the creation of American jobs by promoting exports. Vote against this amendment.

Mr. PAUL. Mr. Chairman, will the gentleman yield?

Ms. PELOSI. I yield to the gentleman from Texas.

Mr. PAUL. Could the gentleman cite the constitutional authority for programs like this? Where did we get this authority? When did we get involved in doing this? I am confused on that constitutional issue.

Ms. PELOSI. I would not be able to cite the constitutional authority. I know the gentleman is well known for his opposition to any spending bills, but I think the question that he asks is an appropriate one to ask every Member who speaks on the floor, because these agencies of government create jobs and return revenue to our Treasury.

I would like to address one of the points the gentleman made in his remarks. He said if they are so self-sustaining, why are they not privatized, or words to that effect.

I think it is very important that this is part of our national export program, that we be able to participate in the program level and have a control on the operating expenses so that all of the funds that are put to this end are well spent and that they promote the most exports, create the most jobs and increase the vitality and dynamism of our own economy.

Mr. PAUL. If the gentleman will continue to yield, I think that is a noble gesture to mix business and government, but some people are hesitant to do that, to supervise what businesses are doing.

Ms. PELOSI. Reclaiming my time, the point was not to mix business and government. The point was to promote U.S. exports abroad and to recognize the realities of the global economy, where all of the countries, the developed countries of the world and the developing countries, are very competitive for the market share out there. It

is very important for us in those particular instances where, for example, OPIC would be necessary, assessing the risk very carefully so as not to put the U.S. taxpayers' dollars at an extraordinary risk, but where the calibration is such that we need OPIC's participation, or Eximbank's participation or TDA's promotion, that we give some opportunity to U.S. business to make the playing field more level. As I have said in my remarks, we do not come close to what many countries do to help promote exports, but at least we can participate in promoting exports.

Mr. PAUL. If the gentlewoman will yield further, I think earlier she said that it would be an appropriate question to ask for constitutional authority and suggested that this is a good idea, and I would like to emphasize that we do it more often.

Mr. FOGLIETTA. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Pennsylvania.

Mr. FOGLIETTA. I think if the gentleman reads the question, he will find that the Constitution calls upon the Congress to promote the general welfare of this Nation. I think by increasing trade and creating jobs, we are promoting the general welfare of our Nation.

Mr. PAUL. If the gentlewoman will yield further, this is frequently cited as a constitutional authority to do almost anything. But let me be specific to point out to the gentleman that we are not dealing with the general welfare. We are dealing with the very specific welfare of General Electric and other big companies at the expense of the general welfare of the taxpayers who are paying the money.

Ms. PELOSI. Reclaiming my time, I would like to say to the gentleman, I keep a very close eye on these agencies. To the extent that I believe that they are not promoting the general welfare and that special interest is served rather than the public interest, I would be certain to join with the gentleman in criticism of those aspects.

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But that is not what the point is here tonight.

I urge my colleagues to oppose the Paul amendment.

Mr. BEREUTER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strongest opposition to the gentleman's amendment, offered for ideological reasons no doubt. It is devastating. It would do draconian levels of damage to the American economy, American exporters, American business and American workers. It needs to be rejected.

Mr. Chairman, I yield to the gentleman from Illinois [Mr. MANZULLO].

Mr. MANZULLO. Mr. Chairman, I would cite with authority Article I, section 8, clause 3 of the United States Constitution that it is within the powers of this body to regulate commerce

with foreign nations, and if I could make my point, then I would be glad to yield for a question from my constitutional friend.

In what we are doing here with these 3 bodies, Ex-Im, OPIC and TDA, are we regulating commerce? You bet we are. We are involved in an international global war. If the amendment offered by the gentleman from Texas [Mr. PAUL] were presented somehow in an international body, and I would dread that because we would have a one-world government, then I would say let us go ahead and do what he is doing because there are 73 export credit agencies, there are 36 international equivalents of OPICs. So what that means is that if we get rid of these specialty types of credit agencies, where are we? What we have done is we have effectively thrown up our hands and we have left it to the Finns and Germans to take over.

Let me give my colleagues an example that is in my backyard, Beloit Corporation. There is one of 3 manufacturers of paper making machines, 3 worldwide manufacturers of paper making machines, engaged in trying to get a contract in Indonesia. The only other 2 manufacturers are in Europe. One are the Finns and the other one are the Germans, and the Finns and the Germans go through extraordinary lengths in order to, if my colleagues want to use that word, subsidize, grant favorable financing so that these sales can take place.

So what happened was Beloit Corporation applied to Ex-Im in working with Members on both sides of the aisle, including the gentleman from Wisconsin [Mr. BARRETT] over here from Milwaukee. We were able to see Ex-Im grant a \$275 million loan guarantee which has to be paid back with interest at a good premium for the purpose of making sure that Beloit Corporation was put in a level playing field to sell those machines. Those were 2 machines that cost over \$150 million a piece, and there are several more in the lot. Let me finish my thought here.

Now what is going on here dynamically is this. Worldwide there is an effort, there is an effort to eliminate OPIC and Ex-Im types of financing. For example the OECD met and said that what we will do is we will have an agreement that a Nation can only subsidize the spread; that is, the actual amount of interest as charged worldwide on the open market with what a Nation wants to pay to a certain extent, and they continue to narrow that gap so that nations will be involved in less core subsidizing of the loans for the exports.

Mr. PAUL. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Texas.

Mr. PAUL. Let me address the subject of regulation. The Constitution does give us the authority to regulate commerce, but it never mentions that

we should subsidize special interests at the expense of the average American taxpayers. Yes, we can put on tariffs and we can regulate what comes and goes across our borders, but in the wildest dreams of the Founders of this country they never intended that we would have programs like this. We have to think this is a concoction of the latter part of the 20th century, the past 20 or 30 years. This is when this stuff; when welfare-ism has blossomed, it has been these type of programs. It was never intended by our Constitution to do these programs.

Mr. BEREUTER. Reclaiming my time, Mr. Chairman, I would say that the authorization appropriations are funds that are very much in the American taxpayers' benefit. They come out positive as a result directly of these jobs.

Mr. MANZULLO. Mr. Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Illinois.

Mr. MANZULLO. Mr. Chairman, back in those days the main income for the United States was international tariffs. We have these incredible tariff barriers, and that is how we supported the economy of the Nation before the income tax.

I mean nobody wants those tariffs. I know the gentleman is a libertarian and does not like the tariffs, but that is what was going on 200 some years ago when the Nation was founded, and I think when this was put into the Constitution it says to regulate, meaning this body, the United States Congress, is given the power to make sure that we can operate internationally.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PAUL].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PAUL. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 24, 1997, further proceedings on the amendment offered by the gentleman from Texas [Mr. PAUL] will be postponed.

#### POINT OF ORDER

Mr. BARR of Georgia. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. BARR of Georgia. Mr. Chairman, I make the point of order that the language beginning with "provided" on page 24, line 8 through "justice" on line 16 violates clause 2(b) of rule XXI of the rules of the House of Representatives.

The CHAIRMAN. The gentleman from Georgia will suspend. The Clerk has not yet read that portion of the bill, and the gentleman's point of order is not in order at this point.

The Clerk will read.

The Clerk read as follows: