by popular demand, to be featured on the obverse of the coin. She was also selected as the winning sculptor for the proposed Irish Famine Memorial to be installed in downtown Philadelphia some time after the year 2000.

Her work is widely exhibited and has won awards from both the National Sculpture Society and the National Academy of Design. She was named an American Art Master by American Artist Magazine and has also received an Honorary Doctorate of Humane Letters from her alma mater, Colorado College as well as an Honorary Doctorate of Fine Arts from Texas Tech University.

Knowing Glenna and having visited her studios in Santa Fe, New Mexico, I am certain this latest honor will hold a special place in her heart. It is my great privilege to recognize Glenna Goodacre for this achievement and the outstanding contributions she continues to make through her art.

IN HONOR OF THE GRAND REOPENING OF THE NEW JERSEY ARYA SAMAJ MANDIR

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 23, 1999

Mr. MENENDEZ. Mr. Speaker, I rise today in honor of the grand reopening of the New Jersey Arya Samaj Mandir in Jersey City. This vital organization has served the educational, cultural, religious, and social needs of the Hindu community in Hudson and Essex Counties since 1988.

Today's youth face so many more dangers and have so many more opportunities than the children of a generation ago. It is important for our children to have places to learn about their culture, their heritage, and develop their own value systems. Pandit Suresh N. Sugrim, founder of the New Jersey Arya Samaj Mandir, recognizes that in order to be prepared for the next century our children need more than just wage-earning skills, but they also need to learn the value our cultural and religious centers are built upon.

The New Jersey Arya Samaj Mandir provides Hindu immigrants important ties to their heritage, while at the same time helping their community. As a member of the East Cultural Clergy Association, the Samaj has also made great strides in building relationships with many of the other religious and cultural communities in the area. For instance, when Reverend William Barnett was injured by several gunshot wounds, Pandit Suresh N. Sugrim participated in a vigil to show solidarity with the surrounding community.

I will be unable to attend the grand reopening myself, but I am sure I speak for the entire Congress when I say that as a nation we owe a tremendous debt to the work of cultural and religious centers such as the New Jersey Arya Samaj Mandir. So, I congratulate them on their reopening and wish them continued good fortune.

THE DEFENSE JOBS AND TRADE PROMOTION ACT OF 1999

HON. SAM JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 23, 1999

Mr. SAM JOHNSON of Texas. Mr. Speaker, today I have introduced legislation, H.R.—, that will eliminate a provision of the tax code, which severely discriminates against United States exporters of defense products. My bill, entitled ''The Defense Jobs and Trade Promotion Act of 1999'' will help our nation's defense contractors improve their international competitiveness, protect our defense industrial base, and insure that American defense workers—who have already had to adjust to sharply declining defense budgets—do not see their jobs lost to overseas competitors because of a harmful quirk in our own tax law.

The Internal Revenue Code allows U.S. companies to establish Foreign Sales Corporations (FSCs), under which they can exempt from U.S. taxation a portion of their earnings from foreign sales. This provision is designed to help U.S. firms compete against companies in other countries that rely on value-added taxes (VATs) rather than on corporate income taxes. When products are exported from such countries, the VAT is rebated to these foreign companies, effectively lowering their prices. U.S. companies, in contrast, must charge relatively higher prices in order to obtain a reasonable net profit after taxes have been paid. By permitting a share of the profits derived from exports to be excluded from corporate incomes taxes, the FSC allows U.S. companies to compete with our international competitors who pay no taxes.

In 1976, Congress added section 923(a)(5) to the tax code. This provision reduced the FSC tax benefits for defense products to 50 percent, while retaining the full benefits for all other products. The questionable rationale for this discriminatory treatment, that U.S. defense exports faced little competition, clearly no longer exists. Whatever the veracity of that premise 25 years ago, today military exports are subject to fierce international competition in every area. Twenty-five years ago, roughly one-half of all the nations purchasing defense products benefited from U.S. military assistance. Today, U.S. military assistance has been sharply curtailed and is essentially limited to two countries. Moreover, with the sharp decline in the defense budget over the past decade, exports of defense products have become ever more critical to maintaining a viable U.S defense industrial base. For example, of the three fighter aircraft under production in this country, two are dependent on foreign customers; the same is true for 1MA1 tank, which must compete with several foreign tank manufacturers.

The Department of Defense supports repeal of this provision. In an August 26, 1998 letter, Deputy Secretary of Defense, John Hamre wrote Treasury Secretary Rubin about the FSC. Hamre wrote ''The Department of Defense (DoD) supports extending the full benefits of the FSC exemption to defense exporters. . . . I believe, however, that putting defense and non-defense companies on the same footing would encourage defense exports that would promote standardization and interoperability of equipment among our allies. It also could result in a decrease in the cost of defense products to the Department of Defense.'' My legislation supports the DoD recommendation and calls for the repeal of this counterproductive tax provision.

The recent decision to transfer jurisdiction of commercial satellites from the Commerce Department to the State Department highlights the capriciousness of section 923(a)(5). When the Commerce Department regulated the export of commercial satellites, the satellite manufacturers received the full FSC benefit. When the Congress transferred export control jurisdiction to the State Department, the same satellites, built in the same factory, by the same hard working men and women, no longer received the same tax benefit. Because these satellites are now classified as munitions, they receive 50 percent less of a FSC benefit than before. This absurd result demonstrates that the tax code is not that correct place to implement our foreign policy. The administration has agreed that Congress should take action to correct this inequity as it applies to satellites. My legislation would not only correct the satellite problem, but it would also ensure that all U.S. exports are treated in the same manner under the FSC.

The Department of Defense is not the only entity that has commented publicly about this provision. A December 1998 joint project of the Lexington Institute and The Institute for Policy Innovation entitled ''Out of Control: Ten Case Studies in Regulatory Abuse'' included an article by Loren B. Thompson about the FSC. The article is aptly titled ''26 U.S.C. 923(a)(5): Bad for Trade, Bad for Security, and Fundamentally Unfair'' highlights the many problems of this unfair tax provision. I call your attention to one issue the article addresses that I have not yet raised—the real reason the Congress enacted this provision in 1976. The author, Loren B. Thompson, argues that Congress' decision to limit the FSC benefit for military exports was not based on sound analysis of tax law, but on the general anti-military climate that pervaded this country in the mid 1970's. As Mr. Thompson writes, Congress enacted section 923(a)(5), ''to punish weapons makers . . . . Section 923(a)(5) was simply one of many manifestations of Congressional antimilitarism during that period.''

Times have changed since this provision was enacted. This provision makes little sense from a tax policy perspective. No valid economic or policy reason exists for continuing a tax policy that discriminates against a particular class of manufactured products. The legislation I am introducing today is a small step this Congress can take to improve our military and strengthen our defense industrial base.

I urge my colleagues to join me in repealing this part of the tax code in order to provide fair and equal treatment to our defense industry and its workers, and to enable our defense companies to compete more successfully in the increasingly challenging international market.