

Understandably, the 23 million people of Taiwan are very upset over this proposed law, for they have lived under a full-fledged democracy, enjoyed the highest standard of freedom and human rights. A similar reaction occurred in Hong Kong when people there learned about the enactment of Article 23 of the Basic Law. Though some people might argue that any country could have the right to enact a domestic law, but if people's freedom and wellbeing might be endangered because of that, then the United States, should not stand by without protesting this threat to democracy.

I hope the Chinese leaders will exercise their wisdom in not adopting this anti-secession law next month. I also hope the international community will join us in voicing their disapproval of this provocative law. Inaction by us will send a dangerous signal to China and encourage it to escalate its political rhetoric and belligerent actions against Taiwan, a beacon of democracy in that region.

We do not need any military confrontation in the Taiwan Strait now or ever. Let us tell our Chinese friends in Beijing that they should learn to appreciate the contributions that the Taiwanese have made to the Chinese economy. They should also know that Taiwan stands ready to discuss and negotiate any issue with China. The Taiwanese people desire a peaceful coexistence with their Chinese brethren and have no desire to change the status quo in the Taiwan Strait.

THE PATH TO PEACE

HON. ROSCOE G. BARTLETT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 17, 2005

Mr. BARTLETT of Maryland. Mr. Speaker, on December 17, 2004, the People's Republic of China announced its intention to include a new "anti-secession law" in its legislative agenda for the upcoming March session. This bill is expected to set up a legal framework for the incorporation of Taiwan. According to press reports, this law will also oblige the Chinese military to invade Taiwan immediately if there is a future Taiwanese "declaration of independence."

There are many potential roads to a resolution of the well-entrenched differences between Beijing and Taipei. China's choice here could result in regional violence, instability and undermine democracy. This law will likely erode any goodwill that has arisen across the Straits over the years. It is in the interest of the region and the United States to see that the negotiations between China and Taiwan be resolved peaceably.

The Bush Administration has said that its policy is to inspire and encourage the growth of democracy. This law, which may compel military force against Taiwan, should signal concern by the Administration. China should not seek to impose its communist government upon the 23 million Taiwanese people.

The Taiwan Relations Act states "that the issues between Beijing and Taiwan be resolved peacefully and with the assent of the people of Taiwan." China's anti-secession law signals a change in the status quo and is a roadblock on the path to peace.

HONORING THE 85TH ANNIVERSARY OF THE TERRELL ROTARY CLUB

HON. JEB HENSARLING

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 17, 2005

Mr. HENSARLING. Mr. Speaker, today I would like to commemorate two significant anniversaries of Rotary International. On February 23rd, Rotary international will celebrate its 100th anniversary. From its humble roots in Chicago, Illinois, Rotary International has grown into a worldwide organization of business and professional leaders whose mission is to provide humanitarian service, encourage high ethical standards in all vocations, and help build goodwill and peace in the world. Since 1943, Rotary International has distributed more than \$1.1 billion to combat Polio, promote cultural exchanges, and encourage community service.

I also want to provide special recognition to an important member of this outstanding organization, the Rotary Club in Terrell, Texas, on the occasion of their 85th anniversary on December 1, 2004. Throughout its 85 year history, the Terrell Rotary Club has achieved great successes in carrying out the mission of Rotary International.

In past years, the Terrell Rotary Club has raised money to combat Polio, bought wheelchairs for people all over the world, collected food for a food distribution center in Terrell, and provided benches for the city park. In addition, they have assisted with blood drives, helped with the Special Olympics and Relay for Life, and collected books to help support the Head Start program in Terrell. For the past 30 years, they have also issued the Community Service Award for Terrell.

Through these actions, the Rotary Club of Terrell, Texas, has exemplified the values of service and charity that lie at the heart of American society. As the congressional representative of the members of this outstanding organization, it is my distinct pleasure to be able to honor them today on the floor of the United States House of Representatives.

"THE BROAD-BASED STOCK OPTION PLAN TRANSPARENCY ACT"

HON. ANNA G. ESHOO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 17, 2005

Ms. ESHOO. Mr. Speaker, I'm very pleased to be the lead Democratic sponsor of the Broad-Based Stock Option Plan Transparency Act of 2005, and I look forward to working with my congressional partner Representative DREIER to move this proposal forward.

As many of my Colleagues are aware, I've long been concerned about the impact of proposed accounting rules on broad-based stock options plans and the employees that benefit from this important employee ownership tool. For a number of years the Financial Accounting Standards Board (FASB) has threatened

to require stock options to be deducted from a company's earnings. In fact the first bill I introduced as a Member of Congress in 1993 addressed this important issue.

Last Congress, I was the lead Democratic sponsor of similar legislation sponsored by Representative RICHARD BAKER, and cosponsored by Democratic Leader NANCY PELOSI, Majority Whip ROY BLUNT, and over 130 bipartisan cosponsors. The legislation passed the House by an overwhelming margin of 312-111, but the bill wasn't taken up in the Senate, and in December, FASB finalized its mandatory stock options expensing standard. Without this legislation, FASB's rule will take effect in June and companies will be forced to deduct the estimated cost of all employee stock options from their reported earnings.

FASB's mandatory expensing rule would have a terrible impact on companies that rely on options to recruit and retain the most talented employees. Without stock options many of these companies, including some of the most successful high-tech and biotech firms, would not even exist today. As American companies struggle to stay ahead of our global competitors, it makes no sense to handicap them with these onerous new requirements.

Stock options have become associated with corporate scandals and excessive executive compensation, leading to a call for expensing as the ultimate prescription for these problems. But stock options were not the cause of the corporate accounting scandals, and eliminating stock options would do nothing to instill corporate responsibility or accountability. Stock options are already fully disclosed in corporate earnings statements, and the crimes committed at Enron, Tyco, and other companies would not have been prevented if expensing had been the accounting rule of the day.

If, however, companies are forced to expense stock options, most will drop or severely limit employee option plans because of the prospect of taking a huge and misleading charge against their bottom line in accounting statements. And if mandatory expensing is implemented, most stock options plans will likely be taken away from rank-and-file employees and reserved exclusively for top executives. This is already occurring in anticipation of the new FASB rule.

It's ironic that many are calling for the expensing of stock options in order to reign in executive compensation, when expensing stock options would do little to accomplish this. Stock option plans or other forms of lucrative compensation for senior executives will undoubtedly continue to be offered.

Rather, rank-and-file employees would be the ones to lose, because they don't get to negotiate with a Board of Directors for their compensation package. Consider this: Only a small portion of employee held options—about 15 percent—are held by corporate management. 14.6 million American workers (13 percent of private-sector workers nationwide) held stock options in 2002.

Some have also argued that FASB's independence must be protected and accounting standards, like other technical rules, should not be set by Congress. While in general this is the case, there are many occasions when