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dous impact on many small towns throughout rural America.●

Mr. HOLLINGS (for himself, Mr. DANFORTH, Mr. BREAUX, Mr. STEVENS, Mr. BURNS, Mr. ADAMS, and Mr. COCHRAN):

S. 173. A bill to permit the Bell Telephone Cos. to conduct research on, design, and manufacture telecommunications equipment, and for other purposes; to the Committee on Commerce, Science, and Transportation.

TELECOMMUNICATIONS EQUIPMENT RESEARCH AND MANUFACTURING COMPETITION ACT OF 1991

Mr. HOLLINGS. Mr. President, the U.S. communications equipment manufacturing industry is on the brink of disaster. The U.S. leadership in high-technology products is under siege by a host of Japanese, European, and other multinational firms. These foreign companies recognized some time ago what the United States has not—the market for communications equipment is now a global one, and we are not in it. The United States is losing its leadership position across the board in communications and consumer electronics equipment. Our smug self-satisfaction has become blind ignorance of international trends. We have sat around talking about our domestic rules while these foreign companies have made tremendous inroads in the third world and also right here in our own backyard. Unless we get in the game now, we will lose our opportunities forever.

It is for this reason that today I am reintroducing the Telecommunications Equipment Research and Manufacturing Competition Act of 1991. This bill lifts the restriction that currently bars the Bell Operating Cos. from conducting research on, manufacturing or providing all types of communications equipment. If the United States is to regain its leadership position in the international manufacturing market, it must be willing to make use of the full panoply of resources available to the telecommunications industry. Nothing less than this Nation's economic future and security is at stake.

This is essentially the same bill that I introduced in the last Congress. The bill garnered enormous momentum last year. After 2 days of hearings, the bill was reported by the Committee on Commerce, Science, and Transportation by voice vote. Only a crowded floor schedule, primarily due to the debate over last year's budget, prevented this bill from coming to a vote before the full Senate last year.

We cannot delay considering this bill any longer. Over the past decade, the United States has sat by and watched as foreign companies have increased their share of U.S. patents in sophisticated electronics, have spent over twice as much as U.S. companies on basic research and development [R&D], and have invested heavily in the United States and around the world. We simply cannot continue to live by our business-as-usual attitude.

Let me point to some basic facts. Seven years ago there were 15 major equipment manufacturers in the world market, 3 of them American. Today there are eight—three from Japan, three from Europe, one from Canada, and only one from the United States, AT&T.

AT&T and GTE, which have a long-term joint venture agreement, lead the world leader in market share with about 13 percent. But Alcatel, of The Netherlands, is a close second with 10.8 percent. There is not a single American company among the remainder of the top 10 companies. Four of the top 10 are European, 3 are Japanese, and 1 is Canadian.

Total U.S. spending on research and development lags far behind other developed nations. According to the National Science Foundation, the United States spent 1.8 percent of its GNP on nondefense R&D last year, while West Germany spent 2.6 percent and Japan spent 2.8 percent. In communications, the largest European and Japanese firms have increased their research and development spending by 22 to 25 percent per year. AT&T has increased its spending by about 6 percent per year.

Annual foreign investment in the U.S. high-technology industries has increased from $214 million in 1985 to $3.3 billion in 1988. In the 6 years since the divestiture of AT&T, 66 different U.S.-based computer and telecommunications equipment companies have been bought by foreign firms.

A quick look at the market for semiconductors is even more striking. The press recently widely reported 2 weeks ago that the U.S. chip manufacturing industry eked out a gain of 1.6 percent in the world market. This is the first increase in the U.S. world market share for semiconductors since 1979. Since that time, the U.S. share has dropped from 58 to 36.5 percent. Meanwhile, Japanese companies have increased their share from 26 to 49.5 percent. In a market the United States formerly dominated, the 3 largest producers, and 6 of the top 10, are now Japanese.

A similar story is told by the U.S. Patent and Trademark Office. The U.S. share of electrical U.S. patents has declined from 58 percent in 1980 to 46 percent in 1989. The share of United States patents awarded to Japanese companies has increased from 19 to 33 percent in the same time period. Today, more patents in electrical products are awarded to foreign companies than are awarded to U.S. companies.

We can fully expect these trends to continue. The Japanese already have demonstrated their lead in two new technologies that were originally invented in the United States. On December 23, the Washington Post reported that five Japanese companies are dominating the market for this year's hot new technology—consumer electronics based on fuzzy logic. No American company has been able to turn this idea into a product. The Japanese also have taken the lead in developing flat-panel displays, a technology to improve laptop and desktop computers and to allow for the development of high definition televisions. This technology was originally invented in the United States by a scientist at RCA, but American companies today cannot find the capital to develop this technology into a commercial product.

Whatever lead the United States might retain in pure research itself may be gone before too long. The New York Times reported in December that the Massachusetts Institute of Technology Media Lab, one of the prime research labs devoted to future communications technology and television, is now working with a Japanese university to create a replica of the lab in Japan.

Where are the Bell Cos. in this picture? The answer is nowhere. The Bell Cos. control over one-half of the Nation's telecommunications assets, earn over $77 billion in annual revenues, and employ 1.2 percent of this Nation's entire workforce. But they cannot use any of these assets to manufacture communications equipment, the business in which they have greater expertise than almost anyone.

Nor can they conduct the full range of research and development activities. The Bell Cos. are not just barred from fabricating equipment; they are also barred from engaging in the design or development of communications equipment. This restriction inhibits the Bell Cos. from engaging in any research whatsoever. First, the uncertainty of the line between "pure" research—what is permitted— and "design" research—what is forbidden—is so unclear that it discourages any research at all. Further, the Bell Cos. have no incentive to engage in the small amount of R&D which they are permitted. If they cannot turn the fruits of that research into a marketble product, they have no means of profiting from the research and thus, little reason to spend their money on such endeavors. The result? On average, the Bell Cos. spend 1.4 percent of their revenues on R&D; the average equipment manufacturer spends 6-8 percent.

This manufacturing restriction not only retards investment in the United States but in fact actually encourages overseas investment. The restriction does not apply to work carried on beyond the jurisdictional boundaries of the United States. Thus, the Bell Cos. are completely free to do overseas what they cannot do in the United States. To no one's surprise, the Bell Cos. are buying up cable television franchises in the United Kingdom, cellular franchises in Eastern Eurpoe and the Soviet Union, and telephone companies in New Zealand and Mexico. I do not know who would prefer to have U.S. companies investing their capital

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in foreign countries instead or right here in the United States of America. But that is exactly the perverse effect that this manufacturing restriction has on Bell Cos. investment decisions.

The Bell Cos. have the expertise, the capital, and most important, the desire to enter the manufacturing market. How can we tolerate restrictions that bar these companies from manufacturing when the entire technological base of this country is at risk? Unless we can put to use the tremendous assets held by these Bell Cos., America's telecommunications industry is likely to go the way of our consumer electronics industry—overseas.

Let there be no mistake, however, about the premises on which this bill is based. I fully understand that these Bell Cos. continue to exercise a substantial degree of market power over local telephone services and over the equipment market. Their dominance of these markets could give them incentives to engage in unlawful cross-subsidization and self-dealing.

For these reasons, I have included in my bill a host of safeguards designed to prevent any kind of unlawful and anticompetitive activity. The BOC's are barred from cross-subsidizing their manufacturing activities with ratepayer revenues. Any equipment that a Bell Co. purchases from its manufacturing affiliate must be purchased at the open market price. The Bell Cos., must conduct all their manufacturing out of separate affiliates, and these affiliates must keep books of account separate from the telephone companies. I believe these safeguards are important and necessary, and I fully intend to oversee the FCC's efforts to enforce these safeguards fully.

This bill is virtually identical to the bill that was reported by the Commerce Committee. There is one significant change, however, that I call to the attention of my colleagues. This bikll includes a provision to require the Bell Cos., to conduct all their manufacturing activities within the United States and to employ a percentage of U.S.-domestic components in the products they manufacture. This provision was negotiated by the Bell Cos., and the Communications Workers of America and has the complete support of both groups. I believe that a domestic content provision such as this is essential to ensuring that the Bell Cos.' potential manufacturing activities benefit the U.S. worker and economy. I applaud the representatives of both organizations for reaching this agreement and have included their agreement in this bill.

In my view, lifting this manufacturing restriction is vitually important. This bill is critical to the future of the Nation's telecommunications industry and this Nation's economic future. I expect to move this bill quickly in this session of Congress and look forward to the continued support of my colleagues in passing this critical piece of legislation.

By Mr. SPECTER (for himself and Mr. HEINZ):

S. 174. A bill to amend to Solid Waste Disposal Act (U.S.C. 6901 et seq.), and for other purposes; to the Committee on Environment and Public Works.

SOLID WASTE DISPOSAL ACT AMENDMENTS ACT OF 1989

Mr. SPECTER. Mr. President, today I introduce legislation to devise a fair and workable solution for the Nation's solid waste disposal problems.

Across the country States are experiencing the acute impact of dwindling landfill capacity and limited means to provide adequate alternative methods of disposal. As a consequence, some States no longer possessing adequate capacity, have opted for the more economical solution of shipping large quantities of their solid waste to cheaper out-of-State landfills, instead of incurring the increased costs associated with establishing new local facilities. This has given rise to the significant legal challenge of finding equitable procedures for the regulation of interstate transportation of solid waste. If a solution is not found soon, landfill shortages very likely will begin emerging throughout entire regions of this country with dire social and environmental results.

For this reason, Mr. President, I am introducing legislation which provides incentives for States to devise realistic long-term plans for handling the disposal of solid waste.

This bill requires States to update their present solid waste management plans and provide estimates as to the amount of municipal and commercial waste they expect to generate in the next 20 years. The new plans also must contain a comprehensive review of existing landfill capacity and methods, including export of garbage, for disposing of excess waste. Each State will have 24 months, after the date of enactment, to file an amended plan with the Environmental Protection Agency in which it will certify that based on its plan, or on agreement made with any State or States, that it has made adequate provisions to manage its solid waste disposal for the next 20 years.

The legal precedent for such an approach is clear. If a State has an approved plan for complying with minimum waste disposal requirements as set forth in the Resource Conservation and Recovery Act [RCRA], then the State has a priority obligation to ensure that it adheres to its plan. Local landfills receiving out-of-State waste jeopardizes the State's ability to operate within its plan, and in turn risks noncompliance with Federal standards. Federal legislation would serve the purpose of imposing penalties on those States circumventing RCRA requirements and encourage them to find solutions which do not inhibit other States' abilities to adhere to their plans.

This bill contains what I believe to be a sensible approach to the challenge of finding penalties and incentives which are fair to all States. Accordingly, I advocate giving States the authority to impose differential fees on the owner or operator of a solid waste treatment facility or on any person who ships, transports, or causes the shipping and transporting of solid waste for treatment in another State. The purpose of such a fee is to offset the discrepancy in tipping fees at landfills which range from an average of $45.48 in the Northeast to $17.95 in the Midwest and $13.06 in the West. Such differences are even more dramatic when we consider that tipping fees at Fresh Kill's landfill, New York City's principal waste disposal site, according to a story in the New York Times, have been raised to $80 per ton as capacity continues to dwindle.

Differential fees, which amount to a surcharge on imported garbage, are designed to equalize disposal costs for the shipping States by making out-of-State facilities less economical. The fees will also provide an incentive for States to find local solutions for their trash problem.

Mr. President, we face a serious problem. Yet it is a problem which does not lack solutions. I applaud the laws and regulations already enacted by States such as Pennsylvania that are resulting in an environmentally sound and economically efficient combination of recycling, landfilling, and incineration in much the same manner as recommended by the Environmental Protection Agency as national policy.

That being the case, why is it necessary to propose legislation to set national standards for waste disposal? This legislation is necessary, Mr. President, because Pennsylvania and similarly situated States find that implementation of their own carefully constructed waste management plans is threatened by the burden imposed on them by disproportionate amounts of solid waste being transshipped from other States.

According to Commonwealth of Pennsylvania reports, approximately 9 million tons of municipal solid waste are generated in State per year, of which 1 million tons are shipped out-of-State. Pennsylvania landfills now receive approximately 5.5 million tons of solid waste per year from out-of-State sources. At this rate, Pennsylvania estimates State landfills have approximately 9.5 years of capacity remaining. These alarming statistics reflect the difficulty Pennsylvania faces in implementing the recycling legislation enacted in the State last year to provide for solid waste planning.

The State legislation mandates recycling by counties and provides State funding for municipalities to achieve their recycling goals. Under the new law, at least 25 percent of all municipal waste in the Commonwealth must

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