rifle and shotgun fire into the helpless terrorized victims. All were killed.

Three more men met the same fate within the prison. Two more men, already wounded, were taken by the mob and lynched from lamp posts.

The victims of this outrageous act came to America for the same reasons that many immigrants have come to these shores, to provide for a better life for themselves and their families, and to share in the blessings of liberty. Unfortunately, these 11 men were not afforded this great privilege of liberty and the rule of law, but rather mob justice and the evils therein.

Mr. Speaker, it is for this reason I rise today to bring to the attention of my colleagues this act committed 100 years ago. Throughout history, people have been persecuted because of their race, religion, color, and political beliefs. By creating an awareness of this episode and seeing the dangers of prejudice, discrimination, and the failure of justice, all Americans will benefit, and hopefully a similar tragedy will again never be repeated.

YOUNG CHAMPION OVERCOMES ADVERSITY

HON. DON SUNDQUIST

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 20, 1991

Mr. SUNDQUIST. Mr. Speaker, from time to time, we take the floor of the House to note a significant achievement by young athletes from our districts. I want to briefly share with my colleagues the story of a very special young man, Jeff Loyd, a senior at Northwest High School from Clarksville, TN.

Jeff won the Tennessee State wrestling title in the 103-pound class earlier this month and is likely to go on to the national scholastic championships next month.

What makes this so remarkable is that Jeff Loyd was born without his left leg. He told the Clarksville Leaf-Chronicle that he doesn't consider himself to be handicapped. He is an unfailing pleasant and positive young man, not to mention a great competitor. He never looked at sports as something he could not do. Instead, he took up the challenge of wrestling, where he is 109-19 over three varsity seasons, and he has played baseball and soccer.

Jeff Loyd is a wonderful young man who richly deserves the congratulations of his community. But more than that, I believe he offers an uplifting example of what one can achieve if one puts his or her mind to it. He is an inspiration not only to the many in this country who battle daily with disabilities, but to all of us.

I ask my colleagues to join me in congratulating Jeff Loyd for his championship, but also for his spirit and for his example.

FOREST SERVICE AND BUREAU OF LAND MANAGEMENT IN LIEU SELECTION BILL

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 20, 1991

Mr. LAGOMARSINO. Mr. Speaker, I am today reintroducing a bill to begin the process of resolution of land title issues on lands in the States of Arizona, California, Colorado, Idaho, New Mexico, Oregon, South Dakota, Utah, Washington, and Wyoming. This bill addresses an issue which has been outstanding for 93 years.

This issue arose in 1897 with the passage of an act (30 Stat. 11, 36) which was intended to consolidate lands within the newly created National Forest System. This 1897 act was the first of a number of statutes authorizing the exchange of Federal and non-Federal lands to promote more efficient Federal land management. Unfortunately, the wording of the 1897 act suggested that the landowner first had to relinquish the private tract to the United States as a condition of selecting Federal land in exchange—rather than authorizing the simultaneous exchange of deeds, which has become the modern exchange procedure—and the Secretary of the Interior imposed that requirement by regulation.

In any event, many private land owners relinquished their lands to the United States by a formal conveyance as a condition to the selection of the Federal in lieu lands. However, for a variety of reasons—at least in part because subsequent laws restricted the kinds of land available for selection—many private landowners never made a formal selection of the compensating Federal lands, or if they did, their selection was not approved. Since that time, a number of actions by the administration, courts, and Congress have addressed the thousands of outstanding title questions through a variety of solutions. Congress currently deals with the situation on a case-by-case basis through private bills.

It is currently estimated that clouded titles exist on approximately 19,000 acres of land managed by the Forest Service and 8,000 acres of land managed by the Bureau of Land Management. These lands are owned by some 2,300 separate owners. Both agencies are aware of these title problems and desire to resolve them.

The bill I am introducing today reflects several amendments to the bill which passed the House during the last session. These amendments provide for important reduction in the timeframes for implementation of the act and ensure the bill provides for a final resolution to the issue. I look forward to working with my colleagues on this measure which will resolve these title questions both comprehensively and consistently.

THE PENSION TAX EQUITY ACT

HON. JOLENE UNSOELD

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 20, 1991

Mrs. UNSOELD. Mr. Speaker, I am introducing the Pension Tax Equity Act to prohibit States from assessing income taxes on the pension income of nonresidents. Some 5 to 10 States are currently charging such source taxes against former residents. These States contend that pension income based on previous employment within their States should be subject to income taxation, regardless of whether the retiree currently resides within that State.

Source taxes are a clear example of taxation without representation. Individuals subjected to this taxation have no recourse at the ballot box because they are not residents of the State assessing the tax against them. Furthermore, these retirees are paying taxes to provide Government services in a State where they no longer reside and consume such services.

While many States provide various tax credits to their resident taxpayers, nonresident taxpayers subjected to the source tax are denied these credits. The end result is a higher tax rate for the nonresident taxpayer. The injustice is further compounded for such retirees in Washington State—and six other States—where there is no income tax from which they can deduct the source tax they pay elsewhere. The end result is that such retirees are hit particularly hard by taxes.

Many retirees who relocate at retirement have no idea they have this tax obligation from their former State until they receive a notice of liability. Such notices often assess back taxes for a number of years and add onerous late penalties. I have been told that some States are even hiring collection agencies to place liens on the property of these retirees.

Mr. Speaker, justice demands that we put an end to this unfair taxation and lift the financial hardship currently befalling thousands of retirees. I urge my colleagues to enact this legislation.

INTRODUCTION OF THE TELECOMMUNICATIONS EQUIPMENT RESEARCH AND MANUFACTURING COMPETITION ACT OF 1991

HON. JIM SLATTERY

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 20, 1991

Mr. SLATTERY. Mr. Speaker, I am pleased to join today with Representative BILLY TAUZIN of Louisiana and five of our colleagues in introducing legislation that will allow the Bell Holding Cos. to enter the telecommunications equipment manufacturing business. Virtually identical legislation, S. 173, was approved overwhelmingly yesterday by the Senate Commerce, Science, and Transportation Committee. This legislation will remove the manufacturing restrictions imposed upon the Bell Cos. by the modified final judgment [MFJ] imposed by a Federal court.

Under the MFJ, the Bell Cos. are restricted to offering exchange telecommunications and exchange access services, while their unregulated subsidiaries may market—but not manufacture—telecommunications equipment—such as switches—and customer premises equipment—such as telephone handsets, key systems, and PBX's—to both the business

and residential markets. The Federal court decided that the term "manufacture" includes not only the act of fabrication, but also product design and development, including the making of a prototype. The result has been not only more restrictions on Bell Cos. activity, but also the creation of numerous additional areas of uncertainty.

Under the MFJ, the Bell Cos. may engage in the early steps of the process, including research not involving the design of a specific product. They may define generic product features, but may not determine the detailed design specifications, or construct a prototype. This line between "pure" research and "design" research is so unclear that it discourages any research at all.

If the United States is to regain its leadership position in the international telecommunications manufacturing market, we must be willing to make use of all resources available to the telecommunications industry. Over the past decade, the United States has seen foreign companies increase their share of U.S. patents in sophisticated electronics, has watched as foreign companies spent over twice as much as our companies on basic research and development, and has observed as foreign companies have invested heavily in the United States and worldwide.

Seven years ago, for example, there were 10 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.

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 our 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, while AT&T has increased its spending by about 6 percent per year until last year, when its R&D spending actually decreased.

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 in foreign firms.

Finally, the U.S. Patent and Trademark Office reports that 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.

Unfortunately, as a result of the MFJ restrictions, the Bell Cos., which control one-half of the Nation's telecommunications assets, earn over $77 billion in annual revenues, and employ 1 to 2 percent of this Nation's entire work force, cannot use any of these assets to manufacture communications equipment or to conduct the full range of research and development activities. They are prohibited from turning the results of their permitted research into marketable products; therefore, they have little reason to expend resources to that end. The result has been that, on the average, the Bell Cos. spend 1.4 percent of their revenues on R&D, while the average equipment manufacturer spends 6 to 8 percent.

With freedom from the manufacturing restrictions, Bell Cos. could work closely with high technology U.S. firms to develop new products and services; today, they cannot work closely enough with them to allow efficient product development. Any United States or foreign company can manufacture telecommunications equipment to meet consumer needs—but the Bell Cos. cannot. The current ban denies them the opportunity to do more for consumers, when they have the knowledge to do so. I have included with this statement a listing of recent examples detailing instances in which the Bell Cos. were prohibited by the manufacturing restrictions from developing new products and services.

This manufacturing restriction not only retards domestic investment, but, in fact, actually encourages overseas investment. The restriction does not apply to work carried out beyond the jurisdictional boundaries of the United States. Therefore, the Bell Cos. are completely free to do overseas what they cannot do in the United States. Most Americans, I believe, would rather see the Bell Cos. investing their capital here, rather than in British cable franchises, Soviet cellular franchises, and telephone companies in New Zealand and Mexico.

The Bell Cos. have the expertise, the capital and the desire to enter the telecommunications manufacturing market. I fully understand, however, that the Bell Cos. continue to exercise a substantial share of market power over local telephone services and over the equipment market. Their dominance of these markets, if unchecked, would undoubtedly give them incentives to engage in unlawful cross subsidization and self-dealing. This legislation, therefore, includes strict safeguards designed to prevent unlawful and anticompetitive activity. The Bell Cos. 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 look forward to working with Members of Congress who may have ideas on how they can be further strengthened.

This measure also includes language requiring 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. workers and our overall economic health.

In a 1989 report, the National Telecommunications and Information Administration of the Department of Commerce declared that reform of the current, very broad manufacturing limitation is likely to stimulate research and innovation, and to accelerate the advent of new service choices. This measure seeks to achieve that goal, so that all American telecommunications consumers will benefit.

I am pleased to report that the Community and Economic Development Steering Committee of the National Association of Counties recently adopted a resolution calling for the removal of the MFJ restrictions on Bell Co. manufacturing. The resolution follows this statement in the RECORD. The National Federation of Independent Business also recently issued a letter welcoming the introduction of S. 173, which also is reproduced here. The RECORD also includes a section-by-section summary of this legislation.

MANUFACTURING EXAMPLES

Concept Communications Corp. designs and develops technology to compress full motion video images so they can be transmitted over the public telephone network. US West purchased a Concept product off the shelf for use in US West in-house video transmissions and improved the product in a way that would be a substantial benefit to Concept and its other customers, but the MFJ prohibits US West from selling Concept the enhancements that US West made.

International Mobile Machines Corp. designs and develops digital radio transmission product for the telephone industry. IMM has recently announced that it will participate in a major venture to make digital cellular equipment with two other companies, one of whom is Siemens/Alcatel, a huge European telecommunications manufacturer. IMM's agreement to enter a venture with Siemens/Alcatel followed an attempt by top management of IMM and BellSouth to structure a IMM/BellSouth venture; although IMM and BellSouth management agreed on the terms of an IMM/BellSouth venture, MFJ lawyers vetoed the plan because of the "no manufacturing" provision in the MFJ. IMM's experience is evidence that the MFJ causes small U.S. manufacturers to form joint business arrangements with foreign companies.

Two years ago, Southwestern Bell Telephone proposed to offer an automatic call completion service to facilitate calls handled by directory assistance. The service would allow a caller to request a number from directory assistance, listen to a reading of the number as is currently provided, and then have the option of being connected to that number simply by pressing one button on a touchtone pad.

Southwestern Bell Telephone determined that such a service would require a different type of directory assistance terminal than was currently available. Although Southwestern Bell Telephone had the knowledge and resources to develop such a terminal, the restriction limited Southwestern Bell Telephone to merely providing a general specification request to Northern Telecom so that they could manufacture the system.

A more general example of the restriction's constraints is the nature in which Southwestern Bell Telecom handles customer service problems with Freedom Phone products. If the problem is a so-called "manufacturing" problem—a defect arising as a function of the metal bending process—Southwestern Bell Telecom can often simply replace or repair the defective part. However, if the defect occurs as a result of the "design or development" process—for instance, the manufacturer installed the wrong part or the intended part does not perform the proper function—then Southwestern Bell Telecom must simply return the defective product to the manufacturer with a general explanation of the problem.

The manufacturing restriction has also delayed the delivery of new services to consumers. Southwestern Bell has begun to offer custom calling features and other services which utilize Northern Telecom's signalling system 7 (SS7). Until recently, however, Northern Telecom's SS7 network was not compatible with AT&T's system.

As early as two years ago, Southwestern Bell Corporation had the resources and the knowledge necessary to design and develop an interface that would have made both systems compatible. However, due to the Court's interpretation of the manufacturing restriction we were not able to develop this software nor communicate the necessary information to either of the manufacturers. Although such an interface has now been developed, had Southwestern Bell Corporation been able to participate in the early design and development of the SS7 systems, or customers would have received the benefits of new services well before now.

Bellcore has devised and tested a new technology which will enable VCR quality video to be transmitted over existing metallic telephone lines. This technology would permit point-to-point viewing of specific user selected and produced television transmissions over the existing local exchange telephone network, thereby bringing the benefits of high quality video transmission technology to practically everyone who owns a telephone. However, for the reasons stated above, Bellcore is unable to deal directly with manufacturers in designing and developing the products needed to deploy technology in the local exchange network.

Southwestern Bell Corporation and the other BOCs are prohibited by the MFJ from designing and developing customer premises equipment (CPE). However, under a 1986 waiver, Southwestern Bell Corporation is permitted to design, develop, and market CPE overseas, so long as such products are not imported into the U.S.

A subsidiary of Southwestern Bell Corporation has been marketing CPE overseas since this waiver was granted. While Southwestern Bell Corporation stated its overseas business with virtually the same residential and business products offered in the U.S., over time new innovations were developed by Southwestern Bell Corporation and have been incorporated into the equipment. However, due to the limitation imposed by the manufacturing restriction, American consumers cannot receive the benefits of these new innovations.

Southwestern Bell Telecom markets CPE which is designed, developed, and fabricated by an unaffiliated manufacturer. Telecom received notice from one particular customer that one of these products was defective in that it produced a humming noise when in use.

Quite understandably, the customer was frustrated with Telecom when it was explained to him that we could do nothing more than pass along notice of this defect to the manufacturer, even though Telecom was aware of a possible solution that would cure the defect. The customer then sought a technological solution from an independent source who was able to identify the problem and recommend a possible solution. However, due to the ambiguity of the Court's interpretation of the manufacturing restriction, Telecom was not able to act as intermediary for the purpose of informing the manufacturer of the independent party's solution.

Another example concerns Southwestern Bell Corporation's paging subsidiary, Metromedia Paging Services. Metromedia provides paging services to a customer who recently requested the ability to receive detailed information on the volume of calls supplied to its pagers. Metromedia determined that such information could physically be provided but the paging units on the market at that time would not support this type of service.

Specifically, a paging unit would need to be developed which had a larger display panel and could handle a larger capacity of data than the units which were being manufactured at that time. Metromedia recognized the solution to the problem and had the technological resources to design and develop the required units. However, once again the Court's interpretation of the manufacturing restriction precluded Metromedia from acting on its internal expertise.

Another company, CXC, Inc., known for making a PBX called the Rose, offered BellSouth an equity position that would allow CXC to gain the capital it needed to expand and increase capacity. BellSouth was interested, but, again, the MFJ wouldn't allow them to take part.

CXC is doing quite well these days. But essentially it's no longer an American-owned company. A consortium of foreign companies has bought a substantial interest in it.

Protocol Engines, Inc., which develops products for increasing speed at which data is transmitted over telecommunications networks, decided in 1990 to discontinue efforts to design and develop products for the public telephone network because MFJ prohibits it from working closely with BOC and Bellcore network design engineers. Rather than developing products for the public telephone network, Protocol Engines now focuses entirely on developing such products for private corporate networks. This anecdote is evidence showing that "no manufacturing" provision in MFJ stifles development of our country's public network infrastructure.

Centigram Corporation develops equipment used in provision of audiotex services. Centigram recently sold a substantial portion of its stock to foreign entities (Telcom) Authority of Singapore, Transtech Ventures, Northern Telecom, and British Petroleum) after two Bell companies (Ameritech and BellSouth) attempted but failed to structure financing that would pass muster under the MFJ. Centigram's experience illustrates the fact that small U.S. telecommunications manufacturing companies are being forced by the MFJ to look overseas for capital to expand their operation.

Eagle Telephonics Corporation manufacturers telephone handsets. Although conventional wisdom is that it's inevitable that all telephone handset manufactures are moving offshore because of cheap foreign labor costs, Eagle is an example of a U.S. handset maker which, while attempting to perform all its manufacturing activities in the U.S., is being hurt by the MFJ's ban against obtaining R&D financing from the BOCs. Since Eagle is one of only a handful of companies making telephone handsets in the U.S., it often must compete on quality rather than price, but incorporating new features into telephone handsets requires substantial and continual R&D efforts; the BOCs, who are among Eagle's largest distributors, would be a natural source for R&D funding, but BOCs cannot provide R&D funding due to the MFJ ban against BOC participation in the manufacturing process.

RESOLUTION REGARDING THE REMOVAL OF THE MANUFACTURING RESTRICTIONS ON LOCAL TELEPHONE COMPANIES

Whereas, America's international competitiveness and continued economic growth have become extremely dependent upon maximizing domestic research and design, development, manufacture, and marketing from all U.S. companies; and

Whereas, between 1983 and 1988, combined research and development investment by AT&T and the Bell Operating Companies grew at an average annual rate of 9.9 percent, while in Japan and Europe telecommunications research and development investment grew annually at 28 percent and 34 percent, respectively; and

Whereas, it is unacceptable that any foreign company, even those affiliated with state-owned telephone monopolies, can manufacture and sell telecommunications equipment in the United States, but that seven of our leading local telephone companies are prohibited by judicial restrictions from doing so; and

Whereas, the continued imposition of the restrictions of the Modified Final Judgement (MFJ) on the Bell Operating Companies (BOCs) denies to America the benefits of having several of its most knowledgeable and capable domestic telecommunications companies being able to perform domestic research and design, develop, and manufacture software and telecommunications equipment for residential, business and governmental telecommunications users; and

Whereas, removal of the manufacturing restrictions on these local telephone companies would help stimulate domestic investment in research, development, design and manufacture of new and innovative telecommunications technologies and facilitate access of said innovations to all local telephone companies; and

Whereas, domestic telecommunications markets and services, as well as, international telecommunications developments have drastically changed since the original imposition of the 1983 MFJ restrictions upon the BOCs; and

Whereas, adequate accounting and structural safeguards have been developed and are already in place in federal and state jurisdictions to protect against cross subsidization from telephone customers; and

Whereas, it is the responsibility of Congress, rather than the courts, to determine national telecommunications public policy including its effect on economic competitiveness, national security, and foreign trade which are essential elements of a sound national policy:

Therefore, be it resolved that the National Association of Counties calls upon the United States Congress to vigorously support legislation which would, with appropriate consumer and industry safeguards, allow all local telephone companies to perform research and design, development, and manufacture of software and telecommunications equipment; and

Be it further resolved that any actions by Congress regarding the removal of the manufacturing restrictions on local telephone companies, must reflect proper considerations of the local and state responsibilities for local and intrastate telecommunications services; and

Be it further resolved that the staff of the National Association of Counties transmit copies of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, the President of the Senate and to every member of the Congress of the United States.

NATIONAL FEDERATION OF INDEPENDENT BUSINESS,
Washington, DC, March 18, 1991.

Hon. ERNEST F. HOLLINGS,
Russell Senate Office Building, Washington, DC.

DEAR SENATOR HOLLINGS: NFIB welcomes the introduction of S. 173. While NFIB has not polled its 500,000 members on S. 173 yet and, therefore, has no official position on this legislation, we believe that it addresses a very important public policy issue that needs to be fully aired. The future success and competitiveness of small business, especially in the developing international marketplace, may well depend on the outcome of your deliberations.

The Bell Holding Companies (BHC) represent an under utilized technological resource. There is a need to closely examine whether it is still necessary to prohibit the BHC from engaging in the manufacture of telecommunications technology and equipment. There is a need to determine whether this prohibition is in the national interest or whether it is artificially holding back our advance on the information age.

Traditionally, NFIB and its members have been deeply concerned about the economic power of regulated companies, with guaranteed streams of income, competing with smaller, more exposed businesses in the marketplace. The ability of the BHC to cross-subsidize commercial ventures with ratepayer revenue has always been at the hear of this concern. S. 173 provides for adequate safeguards or firewalls and reduces our fear of unfair competiton.

S. 173 needs to be fully analyzed and debated by the Senate. All sides and arguments need to be heard. To do less would benefit neither small business nor the national interest.

Sincerely,

JOHN J. MOTLEY III,
Vice President,
Federal Governmental Relations.

THE TELECOMMUNICATIONS EQUIPMENT RESEARCH AND MANUFACTURING COMPETITION ACT OF 1991

SECTION-BY-SECTION SUMMARY

Section 1

Short title.

Section 2—Findings

Bell Telephone Company manufacturing will assist American industry's continued economic growth and international competitiveness.

Section 3—Amendments to the Communications Act of 1934

Regulation of Manfacturing by the Bell Telephone Companies

SEC. 227. (a) Notwithstanding the MFJ, Bell Telphone Companies, through an affiliated company, may manufacture and provide telecommunications equipment and may manufacture CPE, except that joint ventures between Bell Holding Companies are prohibited.

(b) Manufacturing and provision may be conducted only through a company that is separate from any Bell Telephone Company.

(c) The FCC must prescribe regulations to ensure that—

(1) the manufacturing affiliate must maintain books, records and accounts separate from its affiliated Bell Telephone Company which identify all financial transactions between the manufacturing affiliate and affiliated Bell Telephone Company. Even if the manufacturing affiliate is not publicly held, it must comply with Federal financial reporting requirements for publicly held companies, file statements with the FCC and make them available to the public;

(2) Bell Telephone Companies and their non-manufacturing affiliates are prohibited from performing sales, advertising, installation, production or maintenance operations for a manufacturing affiliate, except that—

(A) a Bell Telephone Company and its non-manufacturing affiliate may sell, advertise, install and maintain telecommunications equipment and CPE after acquiring such equipment from its manufacturing affiliate;

(B) institutional advertising not related to specific telecommunications equipment is permitted if each party pays its pro rata share;

(3) the manufacturing affiliate must conduct all manufacturing in the U.S. and all components must be manufactured in the U.S., except that foreign-made components may be used under certain limited circumstances. Prior to using foreign-made components, a BOC manufacturing affiliate first must make a good faith effort to obtain equivalent components from a manufacturer in the U.S. at reasonable prices, terms and conditions. Notwithstanding good faith efforts on the part of a BOC manufacturing affiliate, its cost of foreign-made components may not exceed forty percent of the revenue derived from its sale of telecommunications equipment and CPE in the U.S. in any calendar year (or adjusted percent in subsequent years). A BOC manufacturing affiliate may use intellectual property created outside the U.S. in its manufacture of telecommunications equipment and CPE in the U.S.;

(4) debt incurred by the manufacturing affiliate may not be issued by its affiliated Bell Telephone Company; the manufacturing affiliate is prohibited from incurring debt in a way that would permit a creditor, on default, to have recourse to the assets of the affiliated Bell Telephone Company's telecommunications business;

(5) the manufacturing affiliate is not required to operate separately from the other affiliates of its Bell Telephone Company;

(6) Bell Telephone Company affiliates that become affiliated with a manufacturing entity will be treated as a manufacturing affiliate of that Bell Telephone Company and must comply with the requirements of this section; and

(7) the manufacturing affiliate is required to make available to all common carriers providing telephone exchange service, for use in provision of such service, any telecommunications equipment including software integral to the functioning of telecommunications equipment it manufactures for use with the public telecommunications network. It must do so without discrimination or self-preference as to price, delivery, terms or conditions as long as each purchasing carrier—

(A) does not manufacture telecommunications equipment of have an affiliated telecommunications equipment manufacturing entity that does so, or

(B) agrees to make its telecommunications equipment including software integral to the functioning of telecommunications equipment available to the Bell Telephone Company and its affiliates.

(8) the manufacturing affiliate shall not discontinue or restrict sales to other local exchange telephone companies of any telecommunications equipment including software integral to the functioning of telecommunications equipment it manufactures for sale until arrangements are made by the Bell Telephone Company manufacturing affiliate to provide to the local exchange telephone companies specifications, plans, and tooling for such telecommunications equipment, upon financial and other terms satisfactory to the Bell Telephone Company manufacturing affiliate.

(d)(1) The FCC must prescribe regulations that require each Bell Telephone Company to maintain and file with the FCC information regarding interconnection with and use of its telephone exchange service facilities (such information refers to material changes or planned changes to protocols and requirements);

(2) Bell Telephone Companies are prohibited from disclosing such information to their affiliates unless that information is immediately so filed;

(3) When two or more carriers provide local service in the same area, they must tell each other about the deployment of telecommunications equipment;

(4) The FCC may prescribe additional regulations to ensure that manufacturers competing with a Bell Company's manufacturing affiliate have access to information required for competition that the Bell Company makes available to its manufacturing affiliate.

(e) The FCC must prescribe regulations requiring a Bell Company with a manufacturing affiliate to—

(1) provide other manufacturers with opportunities to sell communications equipment and CPE which is functionally equivalent to equipment manufactured by the Bell Telephone Company manufacturing affiliates that are comparable to the opportunities it provides its affiliates;

(2) not subsidize its manufacturing affiliate with regulated telecommunications services revenues; and

(3) only acquire equipment from its affiliate at open market prices.

(f) Bell Telephone Companies and their affiliates may engage in close collaboration with any manufacturer of telecommunications equipment and CPE during design and development of hardware and software relating to that equipment.

(g) The FCC may prescribe additional rules and regulations as may be necessary to carry out the provisions of this section.

(h) To administer and enforce this section, the FCC is granted the same authority it currently has with respect to any common carrier subject to this Act.

(i) The FCC's authority to carry out this section is effective on the date of enactment; regulations must be prescribed within 180 days after enactment; authority to manufacture does not take effect until the regulations in (c), (d) and (e) are in effect.

(j) All manufacturing activities authorized as of the date of enactment are grandfathered for all Bell Telephone Companies and their affiliates.

(k) The following are defined terms—

(1) affiliate; (2) Bell Telephone Company; (3) customer premises equipment; (4) manufacturing; (5) manufacturing affiliate; (6) Modification of Final Judgment; (7) telecommunications; (8) telecommunications equipment; (9) telecommunications service.

Section 4—Effective date

(a) The effective date of the legislation is 30 days after the FCC prescribes final regulations.

(b) Notwithstanding subsection (a) of this section, the authority of the FCC to prescribe regulations is effective upon enactment.

Document No. 124