

STATEMENT OF ERNEST F. HOLLINGS

WE WILL CONVENE THE HEARING ON THE NOMINATION OF DONALD L. EVANS TO BE THE SECRETARY OF COMMERCE. FIRST LET ME THANK MR. EVANS FOR BEING HERE TODAY AND THE PANEL THAT WILL ASSEMBLE SHORTLY TO INTRODUCE HIM. BEFORE WE GET STARTED, I ALSO WANT TO ACKNOWLEDGE MR. EVAN'S WIFE, SUSAN WHO IS IN THE AUDIENCE.

I ALSO WANT TO THANK SENATOR MCCAIN FOR SCHEDULING THIS HEARING TODAY. HE HAS DEMONSTRATED THAT A SENATE DIVIDED EQUALLY BETWEEN THE PARTIES CAN WORK. THE COMMERCE COMMITTEE HAS ALWAYS OPERATED IN A BI-PARTISAN FASHION AND SENATOR MCCAIN HAS CONTINUED THAT TRADITION. THE INCOMING ADMINISTRATION CAN LEARN FROM OUR EXPERIENCE HERE ON THE COMMITTEE. THE REPUBLICAN CAUCUS AND YOU MR. EVANS, AS THE SECRETARY OF COMMERCE, WILL NEED TO WORK WITH DEMOCRATS TO REACH CONSENSUS ON A MYRIAD OF ISSUES IN ORDER TO BE SUCCESSFUL. THIS IS THE INESCAPABLE TRUTH WE FACE. IT IS IN OUR MUTUAL INTEREST TO FACE IT TOGETHER. AND AS WE WORK TOGETHER IN THIS HISTORICAL TIME WHERE OUR POLITICAL PARTIES ARE AT VIRTUAL PARITY, THERE ARE SEVERAL ISSUES THAT ARE VITALLY IMPORTANT TO ME THAT I WANT TO DISCUSS WITH YOU TODAY. THEY INCLUDE - TRADE, NOAA, THE

DEPARTMENT'S ROLE IN THE PROMOTION OF TECHNOLOGY AND THE MANNER IN WHICH THE CENSUS IS CONDUCTED.

I. TRADE

AS YOU KNOW, SECRETARY DESIGNATE EVANS, I HAVE OFTEN EXPRESSED CONCERN ABOUT CREATING AND KEEPING MANUFACTURING JOBS IN THE UNITED STATES. IN THE LAST YEAR ALONE, WE HAVE LOST OVER 100,000 MANUFACTURING JOBS.

FOR EXAMPLE, IN MY HOME STATE OF SOUTH CAROLINA, WE HAVE LOST 36,500 NET MANUFACTURING JOBS SINCE THE IMPLEMENTATION OF NAFTA. THOSE ARE JOBS THAT PAY BETTER THAN MANY THAT WE ARE NOW CREATING IN THE SERVICE SECTOR. THEY ARE JOBS THAT HELD TOGETHER FAMILIES AND COMMUNITIES. THEY ARE JOBS THAT DID NOT REQUIRE THAT PEOPLE SPEND FOUR PLUS YEARS IN COLLEGE.

HOW DO WE SUPPORT THESE WORKERS? BY SUPPORTING AND ENFORCING OUR EXISTING UNFAIR TRADE LAWS. YOU ARE FAMILIAR WITH THESE LAWS BECAUSE OF YOUR EXPERIENCE IN THE ENERGY INDUSTRY. THESE LAWS ARE VITALLY IMPORTANT BECAUSE THEY PROTECT U.S. BASED MANUFACTURING AND THE WORKERS IN THIS INDUSTRY. THEIR VIGOROUS ENFORCEMENT IS A MOST IMPORTANT WEAPON ALREADY AT OUR DISPOSAL IN PROTECTING OUR MANUFACTURING BASE. MOREOVER, AS THIS ADMINISTRATION MOVES FORWARD IN ITS DEALINGS WITH OUR FOREIGN

TRADING PARTNERS, KEEP IN MIND THE IMPORTANCE OF THESE
MANUFACTURING JOBS AND THE PEOPLE WHO WORK IN THESE INDUSTRIES.

SECONDLY, I LOOK FORWARD TO WORKING WITH YOU ON SEVERAL
IMPORTANT LEGISLATIVE PROPOSALS. IN THE COMING DAYS, I WILL
INTRODUCE LEGISLATION THAT WILL CONSOLIDATE ALL INTERNATIONAL
TRADE FUNCTIONS IN THE DEPARTMENT OF COMMERCE. THE CURRENT
SITUATION, WHICH HAS TRADE FUNCTIONS SPREAD ACROSS VARIOUS
DEPARTMENTS AND AGENCIES, HAS BECOME UNWORKABLE. THEREFORE, I WILL
PROPOSE LEGISLATION TO MOVE THE OFFICE OF THE U.S. TRADE
REPRESENTATIVE INTO THE COMMERCE DEPARTMENT AND TO ABOLISH THE ITC
AND TRANSFER ITS FUNCTIONS TO THE COMMERCE DEPARTMENT AS WELL.
SUCH CONSOLIDATION WILL ASSIST IN DEVELOPING A COMPREHENSIVE TRADE
POLICY AND IN ENFORCING THE U.S. UNFAIR TRADE STATUTES AND OUR
TRADING PARTNERS' INTERNATIONAL COMMITMENTS.

I ALSO LOOK FORWARD TO WORKING WITH YOU AS WE BEGIN THE
PROCESS OF INTERACTING WITH VINCENTE FOX, THE NEW PRESIDENT OF
MEXICO. AS YOU KNOW, I OPPOSED NAFTA AND CONTINUE TO BELIEVE THAT IN
ITS CURRENT STRUCTURE, IT COSTS THE UNITED STATES MORE JOBS THAT IT
CREATES. HOWEVER, WITH THE CHANGES IN ADMINISTRATIONS IN BOTH THE
U.S. AND MEXICO, THE OPPORTUNITY EXISTS TO CREATE A TRUE TRADING
RELATIONSHIP IN A COMMON MARKET TYPE ARRANGEMENT, SOMETHING THAT

PRESIDENT FOX HAS, IN PRINCIPLE ENDORSED. I PROPOSED JUST SUCH AN ARRANGEMENT IN 1993 DURING THE NAFTA DEBATE AND I LOOK FORWARD TO REVIVING THAT PROPOSAL DURING THE COMING YEAR.

II. NOAA

IMPROVING THE SCIENCE AND MANAGEMENT OF OUR OCEANS AND ATMOSPHERE IS AT THE HEART OF WHAT THE DEPARTMENT OF COMMERCE DOES, AND IT HAS A LOT OF WORK TO DO IN THE COMING YEARS. THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA)'S 2001 BUDGET TOPS \$2.6 BILLION – MORE THAN HALF OF THE COMMERCE DEPARTMENT'S TOTAL BUDGET. THIS YEAR'S BUDGET INCREASE REFLECTS THE PROFOUND NEED TO IMPROVE OUR UNDERSTANDING OF THE MARINE ENVIRONMENT SO DECISIONS ARE BASED ON SCIENTIFIC ANALYSIS AND NOT MERELY THE PUSH AND PULL OF INTEREST GROUPS, PARTICULARLY IN THE AREAS OF COASTAL PROTECTION, FISHERIES MANAGEMENT AND BASIC OCEAN RESEARCH. THE NOAA CORPS AND FLEET ARE CRITICALLY IMPORTANT TO PERFORMING THIS FUNCTION.

WE ALSO NEED A COMPREHENSIVE REVIEW OF OUR NATION'S OCEAN POLICY SIMILAR TO THAT CONDUCTED BY THE 1969 COMMISSION ON MARINE SCIENCE, ENGINEERING, AND RESOURCES (CALLED THE "STRATTON COMMISSION" AFTER ITS CHAIR, DR. JULIUS T. STRATTON). THE RECOMMENDATIONS OF THIS FIRST COMMISSION LED TO THE VERY CREATION

OF NOAA AND MOST OF THE LAWS THE AGENCY IMPLEMENTS. LAST YEAR, AFTER 30 YEARS AND A LONG 4-YEAR STRUGGLE HERE IN CONGRESS, WE FINALLY ENACTED LEGISLATION TO GIVE US A NEW OCEAN POLICY COMMISSION.

ENACTMENT OF THE OCEANS ACT OF 2000 SETS INTO MOTION A PROCESS THAT WILL HAVE A PROFOUND INFLUENCE ON THE WAY OUR OCEANS ARE MANAGED FOR DECADES TO COME. THE STATUTE CHARGES THE NEW COMMISSION WITH STUDYING AND REEVALUATING THE NATION'S LAWS AND POLICIES REGARDING THE OCEANS AND COASTS, INCLUDING LEGAL, BUDGETARY, ORGANIZATIONAL, AND TECHNOLOGICAL CHANGES NEEDED TO TACKLE THESE INCREASINGLY COMPLEX PROBLEMS - FROM "DEAD ZONES" TO HURRICANE PLANNING. UNFORTUNATELY, GETTING OUR OCEANS "HOUSE" IN ORDER AT THIS POINT CAN'T PREVENT SOME DISASTERS.

LAST YEAR'S HIGH PROFILE CONFLICT OVER PROTECTION OF STELLER'S SEA LIONS IN ALASKA IS A PERFECT EXAMPLE OF OUR NEED TO REEVALUATE OUR OCEAN LAW AND POLICY. FOR OVER A DECADE, WHILE FISHING PRESSURE HAS INCREASED AS A RESULT OF RAPIDLY IMPROVING TECHNOLOGY, OUR INFORMATION ON SPECIES SUCH AS THE STELLER'S SEA LION AND THE BERING SEA ECOSYSTEM HAS BEEN STAGNANT - DESPITE THE EXISTENCE OF NEW TOOLS TO CLOSE THE GAP. THE UNDERLYING LEGAL CONFLICTS AND PROFOUNDLY

IMBALANCED INVESTMENT OF TIME AND MONEY LONG AGO, SET THE MAGNUSON-STEVENSON ACT AND THE ENDANGERED SPECIES ACT ON A COLLISION COURSE. IN 2000 THE SCENE WAS A FEDERAL COURT IN SEATTLE, BUT IT IS HITTING HAWAII NOW, AND IS HEADED FOR EVERY OTHER COASTAL STATE, INCLUDING MY HOME STATE OF SOUTH CAROLINA. WE ARE DOING OUR BEST TO WORK THESE PROBLEMS OUT RIGHT NOW, BUT WE ALL KNOW THAT PREVENTION IS WORTH AN OUNCE OF CURE!

ONE THING IS COMPLETELY CLEAR – IF THERE WAS A NEED FOR THE STRATTON COMMISSION IN 1969, THERE IS AN EVEN GREATER NEED FOR A NEW COMMISSION NOW. JUST AS BEFORE, WE WILL NEED TO APPOINT COMMISSIONERS OF NATIONAL PRESTIGIOUS STATURE, WHO HAVE THE VISION, INTEGRITY, AND CREATIVITY TO WORK TOWARD NEW SOLUTIONS, AND THE ABILITY TO MAKE THE PUBLIC AND CONGRESS UNDERSTAND, AND EMBRACE, THE NEED FOR SUCH SOLUTIONS. THUS, WE WILL NEED TO CONSIDER INDIVIDUALS WITH BROAD EXPERTISE IN PROBLEM-SOLVING AS WELL AS THOSE WELL VERSED IN OCEAN, ATMOSPHERIC, AND COASTAL ISSUES. OCEAN ISSUES TODAY ARE TECHNICALLY AND BIOLOGICALLY MORE COMPLEX THAN EVER AND REQUIRE THOUGHTFUL, EXPERIENCED, AND INNOVATIVE MEMBERS WHO CAN WORK TOGETHER TO THINK “OUTSIDE THE BOX.” WE HAVE GOT TO GET AHEAD OF THE CURVE AGAIN, AND I LOOK TO BOTH THE NEW ADMINISTRATION AND CONGRESS TO MOVE THE NATION’S OCEAN POLICY INTO THE NEW

MILLENNIUM. WE HAVE THE TOOLS, THE BRAINS, AND THE MONEY TO DO IT RIGHT, BUT WE WILL NEED THE RIGHT PEOPLE, AND I LOOK FORWARD TO WORKING WITH YOU CLOSELY TO ENSURE IT HAPPENS.

III. TECHNOLOGY

THE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST) REPRESENTS THE CORE OF THE DEPARTMENT'S TECHNOLOGY ADMINISTRATION. AS NIST, FORMERLY THE BUREAU OF STANDARDS, CELEBRATES ITS 100TH ANNIVERSARY, ITS MISSION -- TO WORK WITH INDUSTRY TO DEVELOP AND APPLY TECHNOLOGY, MEASUREMENTS, AND STANDARDS -- IS MORE RELEVANT THAN EVER.

THE NIST LABORATORIES MAINTAIN FUNDAMENTAL WEIGHTS AND MEASURES AND PROVIDE TECHNICAL SERVICES THAT ALLOW INDUSTRY AND OTHERS TO UTILIZE THESE MEASUREMENTS. FOR EXAMPLE, THE NIST LABORATORIES HELP INDUSTRY AND GOVERNMENT ENSURE ACCURACY, CONSISTENCY, AND QUALITY IN A RANGE OF COMMERCIAL AND INDUSTRIAL PRODUCTS OR PROCESSES. IN ADDITION, THE NIST LABS PROVIDE TECHNICAL SUPPORT FOR AMERICAN INDUSTRY REPRESENTATIVES PARTICIPATING IN INTERNATIONAL NEGOTIATIONS ON PRODUCT STANDARDS. THE DEPARTMENT OF COMMERCE ESTIMATES THAT STANDARDS ARE AN INTEGRAL PORTION OF ABOUT \$150 BILLION IN US EXPORTS AND SERVE AS BARRIERS TO TRADE FOR AN

ADDITIONAL \$20 BILLION TO \$40 BILLION OF EXPORTS. THE EXCELLENT WORK OF THE MEASUREMENTS AND STANDARDS LABORATORIES CAN HELP U.S. INDUSTRY PREVENT FOREIGN STANDARDS FROM BECOMING NON-TARIFF TRADE BARRIERS USED AGAINST U.S. PRODUCTS.

NIST IS ALSO HELPING U.S. INDUSTRY STAY COMPETITIVE FOR THE FUTURE BY FUNDING THE ADVANCED TECHNOLOGY PROGRAM (ATP) TO DEVELOP THE NEXT GENERATION OF BREAKTHROUGH TECHNOLOGIES IN ADVANCE OF ITS FOREIGN COMPETITORS. ATP ENCOURAGES COMPANIES TO UNDERTAKE INITIAL HIGH-RISK RESEARCH THAT PROMISES SIGNIFICANT WIDESPREAD ECONOMIC BENEFITS, ALTHOUGH THE PROGRAM DOES NOT SUPPORT PRODUCT DEVELOPMENT.

ACCORDING TO A FORECAST BY THE BATTELL MEMORIAL INSTITUTE, U.S. COMPANIES PLAN TO SLOW THE GROWTH OF SPENDING ON RESEARCH AND DEVELOPMENT IN 2001. YOU AND I BOTH KNOW THAT THE FIRST THING TO GO WILL BE THE FUNDAMENTAL LONG-TERM R&D PROJECTS AND ONLY THOSE PROJECTS THAT WILL PAY OFF IN THE NEXT FEW QUARTERS WILL SURVIVE. AS INDUSTRY CONTINUES TO FOCUS MORE OF ITS R&D ON NEAR TERM PRODUCT DEVELOPMENT, THERE WILL BE FEWER PRIVATE SOURCES OF SUPPORT FOR THE TYPE OF FUNDAMENTAL, ENABLING TECHNOLOGY R&D THAT ATP SUPPORTS. AT THE SAME TIME, FEDERAL R&D FUNDING – AS A PERCENTAGE OF OVERALL R&D SPENDING IS DECLINING. IT HAS DECLINED FROM 50 % OF TOTAL R&D

FUNDING IN THE 1990'S TO APPROXIMATELY 26% TODAY. WHAT DOES THIS MEAN? SIMPLY PUT, THE ADVANCED TECHNOLOGY PROGRAM IS AS NECESSARY NOW AS IT WAS WHEN IT WAS CREATED UNDER THE LEADERSHIP OF FORMER PRESIDENT GEORGE H.W. BUSH. THE PROGRAM'S SUPPORT FROM THE COUNCIL ON COMPETITIVENESS TELLS YOU THAT ATP IS NEEDED SO OUR INDUSTRIES CAN STAY COMPETITIVE IN THE WORLD MARKET.

THE PROOF IS OUT THERE. COMPANIES – OVER ONE-HALF OF WHICH ARE SMALL COMPANIES – ARE APPROACHING THE ATP TO CO-FUND TRULY REVOLUTIONARY RESEARCH, RANGING FROM TISSUE ENGINEERING TO ADVANCED LEARNING TECHNOLOGIES - NEW TECHNICAL AREAS THAT ARE BECOMING INCREASINGLY IMPORTANT TO THE U.S. ECONOMY AND THE QUALITY OF LIFE OF ITS CITIZENS. TO DATE, ATP FUNDED PROJECTS HAVE ENABLED A 50-PERCENT REDUCTION IN THE SIZE OF SOME COMPUTER MEMORY CHIPS, IMPROVEMENTS IN AUTO MANUFACTURING PROCESSES, AND A FASTER, LOWER-COST DNA SEQUENCING TECHNOLOGY.

SMALL MANUFACTURERS—THOSE WITH FEWER THAN 500 EMPLOYEES—EMPLOY 1 IN 10 AMERICAN WORKERS. ANOTHER NIST PROGRAM, THE MANUFACTURING EXTENSION PARTNERSHIP OR MEP, SUPPORTS A NETWORK OF LOCALLY-RUN CENTERS WHICH PROVIDE TECHNICAL ADVICE AND CONSULTING TO THE SMALL MANUFACTURING COMPANIES IN ALL FIFTY

STATES AND PUERTO RICO. MANY OF THESE FIRMS LAG BEHIND FOREIGN COMPETITORS IN TECHNOLOGY AND OPERATIONS, LEADING LARGER AMERICAN FIRMS TO LOOK INCREASINGLY FOR OFFSHORE SUPPLIERS. MEP-ASSISTED COMPANIES SURVEYED REPORT BENEFITS OF \$8 FOR EVERY \$1 THAT THE FEDERAL GOVERNMENT HAS INVESTED IN THE MEP CENTERS. THE DEPARTMENT OF COMMERCE SHOULD CONTINUE TO NURTURE MEP IN THE NEW ADMINISTRATION.

IV. CENSUS

ON THE MATTER OF THE CENSUS, I AM IN STRONG SUPPORT OF STATISTICAL SAMPLING. I HOPE THAT THE INCOMING ADMINISTRATION WILL NOT INTERFERE WITH THE AUTHORITY AND ABILITY OF THE CENSUS BUREAU TO MAKE THE FINAL DETERMINATIONS ON THE USE OF SAMPLING. FORMER CENSUS DIRECTORS, INCLUDING REPUBLICANS, SUPPORT ALLOWING THE CENSUS BUREAU THE FREEDOM TO DECIDE THE COUNTING METHODS AND PROCEDURES WITHOUT INTERFERENCE FROM THE ADMINISTRATION OR COMMERCE SECRETARY.

IT HAS NOW BEEN MORE THAN 50 YEARS SINCE THE DISCOVERY OF SUBSTANTIAL INACCURACIES IN THE CENSUS COUNT, PRIMARILY BASED ON SEVERE UNDERCOUNTING OF MINORITY GROUPS, ESPECIALLY BLACKS AND HISPANICS. FOR EXAMPLE IN THE 1990 CENSUS, IT WAS DISCOVERED THAT 8.4 MILLION MINORITIES WERE UNDERCOUNTED. NOT ONLY ARE SUCH RESULTS

UNFORTUNATE, THEY ARE UNACCEPTABLY TRAGIC WHEN PROVEN METHODS EXIST TO CORRECT AND PREVENT SUCH DISPARITIES. FOUR DECADES OF SOUND RESEARCH PROVEN TESTING HAVE DEMONSTRATED THAT STATISTICAL SAMPLING IS THE BEST AND MOST FEASIBLE METHOD FOR ENSURING GREATER ACCURACY IN THE CENSUS. THIS HAS BEEN AFFIRMED BY THE DILIGENT WORK OF THE CENSUS BUREAU, WORKING IN COORDINATION WITH THE NATIONAL ACADEMY OF SCIENCES AND STATISTICAL EXPERTS. UNFORTUNATELY SOME MEMBERS ON THE OTHER SIDE OF THE AISLE HAVE ATTEMPTED TO OBSTRUCT THE USE OF SAMPLING. NOTABLY, UNTIL 1995, THE DISPUTE ON THE ISSUE RESTED ON REGIONAL DIFFERENCES. SAMPLING WAS SUPPORTED NOT ONLY BY MY ABLE COLLEAGUE, MR. MCCAIN, BUT BY MR. NEWT GINGRICH HIMSELF. HOWEVER, AFTER THE REPUBLICANS TOOK OVER THE HOUSE IN 1995, THROUGH THE LEADERSHIP OF MR. GINGRICH, THEY BECAME VIGOROUS OPPONENTS OF SAMPLING -- NO DOUBT FOR POLITICAL REASONS. IN FACT, THE DISPUTE EVENTUALLY LED TO A LAWSUIT AGAINST THE CENSUS BUREAU BY THE HOUSE REPUBLICANS. THE MATTER EVENTUALLY WAS DECIDED BY THE U.S. SUPREME COURT. IN A 5-4 DECISION, THE COURT RULED THAT STATISTICAL SAMPLING COULD NOT BE USED FOR STATE REAPPORTIONMENT, BUT COULD BE USED FOR ALL OTHER PURPOSES, INCLUDING REDISTRICTING. SOME INTERPRET THE DECISION AS THE MAJORITY ASSERTING THAT SAMPLING MUST BE USED FOR ALL PURPOSES EXCEPT FOR APPORTIONMENT REGARDLESS. THE FACT IS THAT THE COURT AFFIRMED THE USE OF SAMPLING.

THIS ISSUE ENTAILS MANY IMPORTANT FACETS. FIRST AND FOREMOST IT IS ABOUT JUSTICE AND FAIRNESS. WHEN GROUPS AND AREAS ARE UNDERCOUNTED, THE STRENGTH OF THEIR VOTE AND REPRESENTATION ARE SEVERELY DILUTED; THEY SUFFER ECONOMICALLY BASED ON DECISIONS BY BANKS AND INSURANCE COMPANIES ON THE USE OF DEMOGRAPHIC DATA; AND THEY SUFFER FROM REDUCED ACCESS TO GOVERNMENT RESOURCES. THIS INJUSTICE OUGHT NOT STAND. THIS ISSUE, HOWEVER, ALSO IS ABOUT THE INTEGRITY OF OUR GOVERNMENT. AMERICANS HAVE A RIGHT AND OBLIGATION TO BE PROPERLY AND ACCURATELY REPRESENTED BY THEIR GOVERNMENT. ONLY THE MOST ACCURATE ACCOUNTING CAN ENSURE THIS PRINCIPLE IS UPHELD.

I HOPE THE SECRETARY DESIGNEE WILL ADHERE TO THIS PRINCIPLE AND NOT DO ANYTHING TO DISCOURAGE OR TO DISRUPT THE WORK OF THE CENSUS BUREAU ON THIS VITALLY SERIOUS MATTER.